

**DODGE CITY COMMUNITY COLLEGE**

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**BASIC FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
and  
UNIFORM GUIDANCE SINGLE AUDIT REPORTS  
YEAR ENDED JUNE 30, 2018**

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# DODGE CITY COMMUNITY COLLEGE

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Dodge City Community College  
Dodge City, Kansas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge City Community College as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Vocational Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dodge City Community College's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2019, on our consideration of Dodge City Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dodge City Community College's internal control over financial reporting and compliance.

*Kennedy McHec & Company LLP*

January 2, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **DODGE CITY COMMUNITY COLLEGE**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of Dodge City Community College's financial performance provides an overview of the College's financial activities for the year ended June 30, 2018. It should be read in conjunction with the College's basic financial statements, listed in the table of contents.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These provide information about the activities of the College as a whole and present a longer-term view of the College's finances. Fund financial statements follow the government-wide statements. For governmental activities, these statements tell how the services of the College were financed in the short term as well as what remains for future spending. Fund financial statements report the College's operations in more detail than the government-wide statements by providing information about the College's most significant funds.

#### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the College's finances is this: "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities provide answers to this question by reporting information about the College as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most commercial entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the College's net position and the changes in them. The net position represents the difference between assets and liabilities. Net position is one way to measure the financial position of the College. Over time, increases or decreases in the College's net position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the property tax base and economic conditions at the state and local level, must also be considered when assessing the overall financial position of the College.

In the Statement of Net Position and the Statement of Activities, the information is divided into two kinds of activities:

- Governmental activities—Most of the College's basic services are reported here, including instruction, student services, operation and maintenance, scholarships and community service. Tuition and fees, property taxes, federal and state grants and general obligation bonds finance most of these activities.
- Business-type-activities—The College charges a fee to students to help cover all or most of the cost of certain services it provides. These services are bookstore, food service, student housing, and student union operations.

## USING THIS ANNUAL REPORT (CONTINUED)

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the College's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

### Fund Financial Statements

Our analysis of the College's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the College as a whole. Some funds are required to be established by state law or by contract. However, the Board of Trustees establishes many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The College's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds**—Most of the College's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the College's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the College's programs. Reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Position is provided.
- **Proprietary funds**—When the College charges for the services it provides – whether to students and citizens, or to other units of the College – these services are generally reported in proprietary funds. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Position and in the Statement of Activities. The enterprise funds (a component of proprietary funds) are the same ones that are called business-type activities in the government-wide financial statements. Since they use the same accounting approach in all statements, no reconciliation is necessary among the statements. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the College's other programs and activities, such as central stores and medical self-insurance.



## THE COLLEGE AS A WHOLE

### Government-wide Statements - Overview

The College's overall financial position and operations for the past two years are summarized in the following tables based on the information included in the government-wide financial statements.

Table 1: Financial Position

	Governmental activities		Business-type activities		Total primary government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 13,853,243	\$ 13,146,727	\$ 2,257,443	\$ 2,344,823	\$ 16,110,686	\$ 15,491,550
Capital assets	<u>19,798,844</u>	<u>20,964,921</u>	<u>13,159,130</u>	<u>13,859,519</u>	<u>32,957,974</u>	<u>34,824,440</u>
Total assets	<u>33,652,087</u>	<u>34,111,648</u>	<u>15,416,573</u>	<u>16,204,342</u>	<u>49,068,660</u>	<u>50,315,990</u>
Deferred outflows of resources						
Deferred charges	-	-	530,069	561,249	530,069	561,249
Contributions receivable	243,154	-	-	-	243,154	-
Changes in assumptions	<u>345,067</u>	-	-	-	<u>345,067</u>	-
Total deferred outflows	<u>588,221</u>	-	<u>530,069</u>	<u>561,249</u>	<u>1,118,290</u>	<u>561,249</u>
Long-term liabilities	15,491,656	14,699,370	14,050,000	14,360,000	29,541,656	29,059,370
Other liabilities	<u>798,646</u>	<u>830,309</u>	<u>94,241</u>	<u>93,857</u>	<u>892,887</u>	<u>924,166</u>
Total liabilities	<u>16,290,302</u>	<u>15,529,679</u>	<u>14,144,241</u>	<u>14,453,857</u>	<u>30,434,543</u>	<u>29,983,536</u>
Deferred inflows of resources						
Property taxes	3,491,966	3,409,848	-	-	3,491,966	3,409,848
Charges for service	-	255,480	-	-	-	255,480
Bond premium	<u>59,129</u>	-	<u>116,340</u>	<u>123,183</u>	<u>175,469</u>	<u>123,183</u>
Total deferred inflows of resources	<u>3,551,095</u>	<u>3,665,328</u>	<u>116,340</u>	<u>123,183</u>	<u>3,667,435</u>	<u>3,788,511</u>
Net position						
Invested in capital assets net of related debt	10,151,899	10,283,106	(890,870)	83,076	9,261,029	10,366,182
Restricted	3,212,284	2,530,151	949,045	1,375,427	4,161,329	3,905,578
Unrestricted	<u>1,034,728</u>	<u>2,103,384</u>	<u>1,627,886</u>	<u>730,048</u>	<u>2,662,614</u>	<u>2,833,432</u>
Total net position	<u>\$ 14,398,911</u>	<u>\$ 14,916,641</u>	<u>\$ 1,686,061</u>	<u>\$ 2,188,551</u>	<u>\$ 16,084,972</u>	<u>\$ 17,105,192</u>

Total net position for the College decreased \$666,056 with the net position of the governmental activities decreasing \$163,566, and those of the business-type activities decreasing \$502,490.

# THE COLLEGE AS A WHOLE (CONTINUED)

## Government-wide Statements – Overview (continued)

Table 2: Operations

	Governmental activities		Business-type activities		Total primary government	
	2018	2017	2018	2017	2018	2017
Revenue:						
Program revenue:						
Charges for services	\$ 7,799,782	\$ 10,035,317	\$ 2,721,382	\$ 2,531,779	\$ 10,521,164	\$ 12,567,096
Operating grants	6,019,739	7,000,911	-	-	6,019,739	7,000,911
Capital grants	233,208	239,813	-	-	233,208	239,813
General revenue:						
Property taxes	11,494,930	10,828,427	-	-	11,494,930	10,828,427
Unrestricted grants	4,167,601	4,074,910	5,000	5,000	4,172,601	4,079,910
Investment earnings	167,071	132,235	4,541	7,084	171,612	139,319
Contributed capital (net)	-	-	-	1,421	-	1,421
Transfers	-	1,201,823	-	-	-	1,201,823
Loss on disposal of asset	-	-	(38,664)	-	(38,664)	-
Other general revenue	335,707	216,678	-	-	335,707	216,678
Total revenue	<u>30,218,038</u>	<u>33,730,114</u>	<u>2,692,259</u>	<u>2,545,284</u>	<u>32,910,297</u>	<u>36,275,398</u>
Program expenses:						
Institutional support	7,003,250	6,802,903	-	-	7,003,250	6,802,903
Instruction	6,935,767	6,414,754	-	-	6,935,767	6,414,754
Student services	3,704,958	3,015,270	-	-	3,704,958	3,015,270
Academic support	3,315,863	4,667,895	-	-	3,315,863	4,667,895
Operation and maintenance	3,249,716	3,803,058	-	-	3,249,716	3,803,058
Scholarships and grants	5,074,707	5,384,572	-	-	5,074,707	5,384,572
Community service	732,443	601,778	-	-	732,443	601,778
Capital outlay	74,494	-	-	-	74,494	-
Indirect depreciation	8,442	67,930	-	-	8,442	67,930
Interest on long-term debt	281,964	306,155	-	-	281,964	306,155
Bookstore	-	-	615,622	687,445	615,622	687,445
Food service	-	-	746,162	729,395	746,162	729,395
Student housing	-	-	1,780,465	1,602,913	1,780,465	1,602,913
Student union	-	-	52,500	64,219	52,500	64,219
Total expenses	<u>30,381,604</u>	<u>31,064,315</u>	<u>3,194,749</u>	<u>3,083,972</u>	<u>33,576,353</u>	<u>34,148,287</u>
Increase (decrease) in net position	<u>\$ (163,566)</u>	<u>\$ 2,665,799</u>	<u>\$ (502,490)</u>	<u>\$ (538,688)</u>	<u>\$ (666,056)</u>	<u>\$ 2,127,111</u>

## THE COLLEGE AS A WHOLE (CONTINUED)

### Government-wide Statements – Overview (continued)

Governmental revenues decreased about \$3,512,000 from the prior year. This decrease was composed of the following;

- Decrease of \$2,236,000 in charges for services;
- Decrease of \$981,000 in operating grants;
- Increase of \$667,000 in property taxes;
- Increase of \$93,000 in unrestricted grants;
- Decrease of \$1,202,000 in transfers;
- Increase of \$119,000 in other general revenue.

Expenses decreased about \$716,000 as follows:

- \$200,000 increase in institutional support;
- \$521,000 increase in instruction;
- \$690,000 increase in student services;
- \$1,352,000 decrease in academic support;
- \$553,000 decrease in operations and maintenance;
- \$309,000 decrease in scholarships and grants;
- \$131,000 increase in community service.

Business-type revenues increased about \$147,000, with food service increasing \$29,000, and student housing increasing \$117,000. Business-type expenses increased about \$111,000 with bookstore decreasing \$72,000, food service increasing \$17,000, student housing increasing \$178,000 and student union operations decreasing \$12,000.

### Governmental Activities

The most significant governmental activities are instruction, institutional support, student services, operation and maintenance, and scholarships. The main sources of revenue are property taxes, charges for services (including tuition and fees), and operating grants and contributions (including state aid).

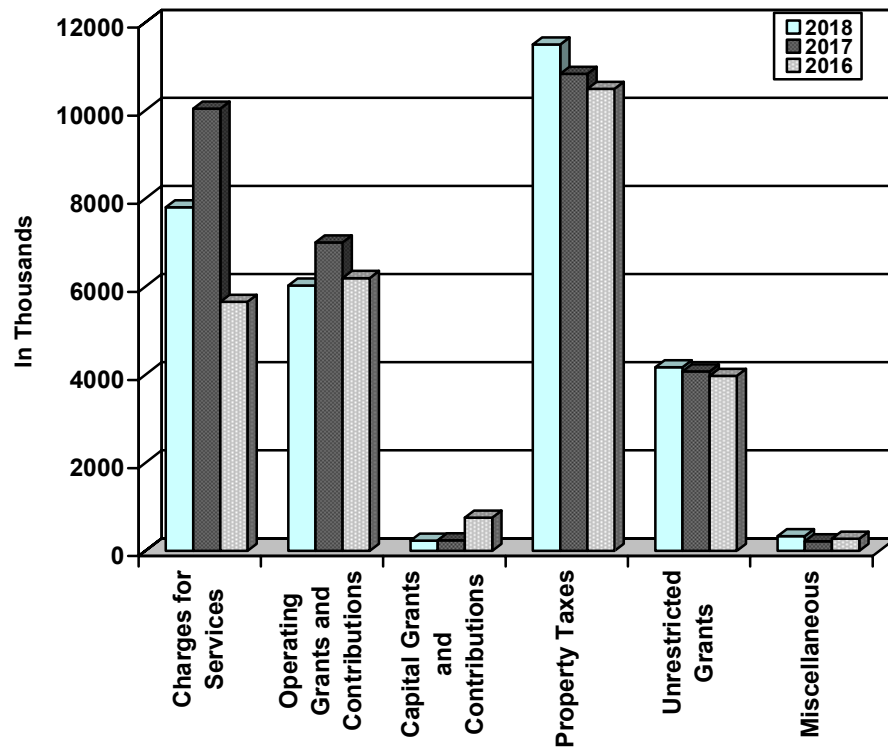
The cost of all governmental activities this year was \$30,382,000 compared to \$31,064,000 last year. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities through property taxes was only \$11,495,000 because some of the cost was paid by those who directly benefited from the programs (\$7,800,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10,421,000). The College paid for the remaining portion of governmental activities with other revenues such as interest and general entitlements. These revenues compared to expenses resulted in an decrease in net position of \$164,000.

The following charts reflect a comparison among all the activities and sources of revenue for the years ended June 30, 2018, 2017 and 2016 based on the information included in the government-wide financial statements.

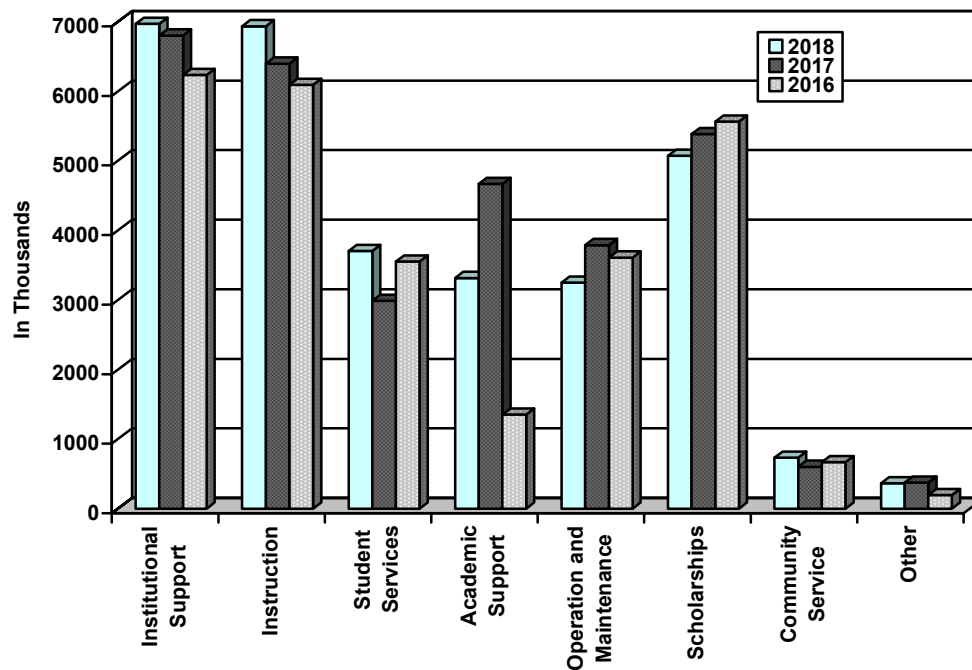
# THE COLLEGE AS A WHOLE (CONTINUED)

## Governmental Activities (continued)

Governmental Activities - Revenues



Governmental Activities - Expenses



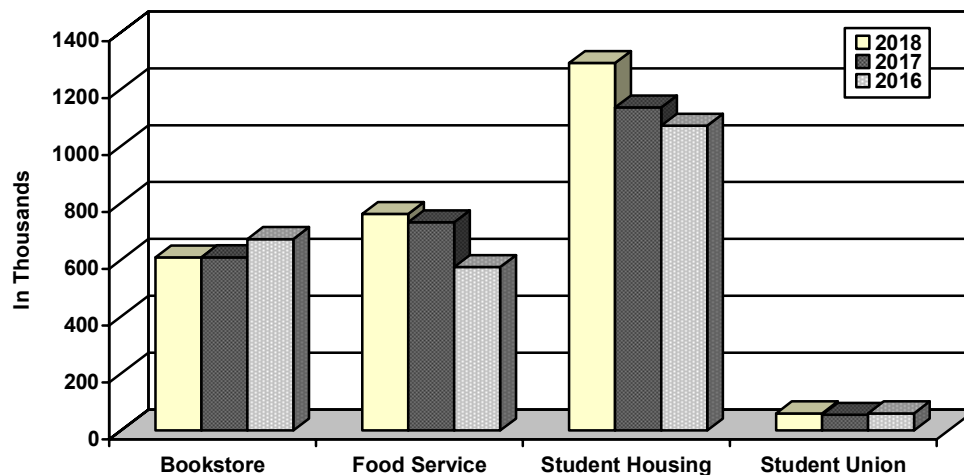
## THE COLLEGE AS A WHOLE (CONTINUED)

### Business-Type Activities

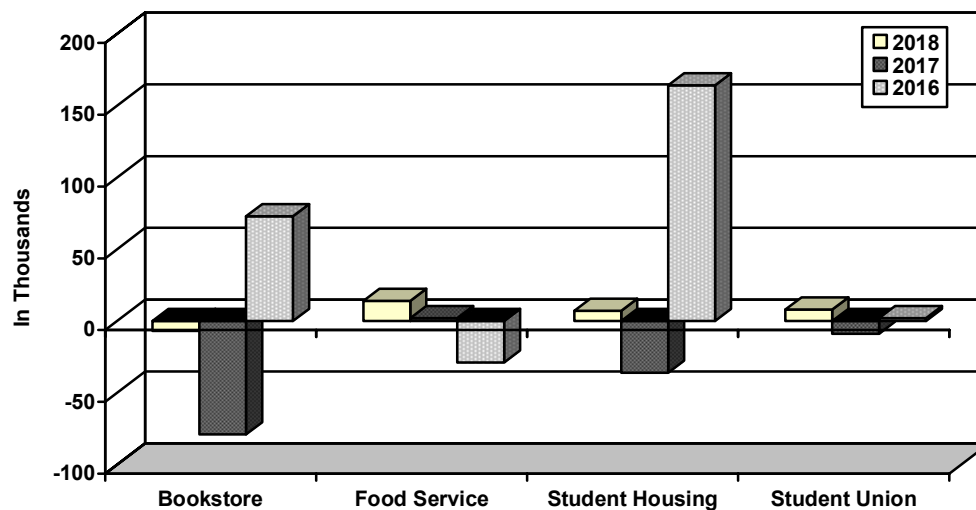
The business-type activities of the College are the bookstore, food service, student housing, and student union operations. These activities derive most of their revenue from charges for services. Total business-type charges for services were \$2,721,000 compared with \$2,532,000 last year. Expenses were \$3,195,000 compared with \$3,084,000.

The charts below compare charges for services and operating income (loss) among the business-type activities based on the information included in the government-wide financial statements for the years ending June 30, 2018, 2017 and 2016.

**Business-Type Activities - Charges for Services**



**Business-Type Activities Operating Income (Loss)**

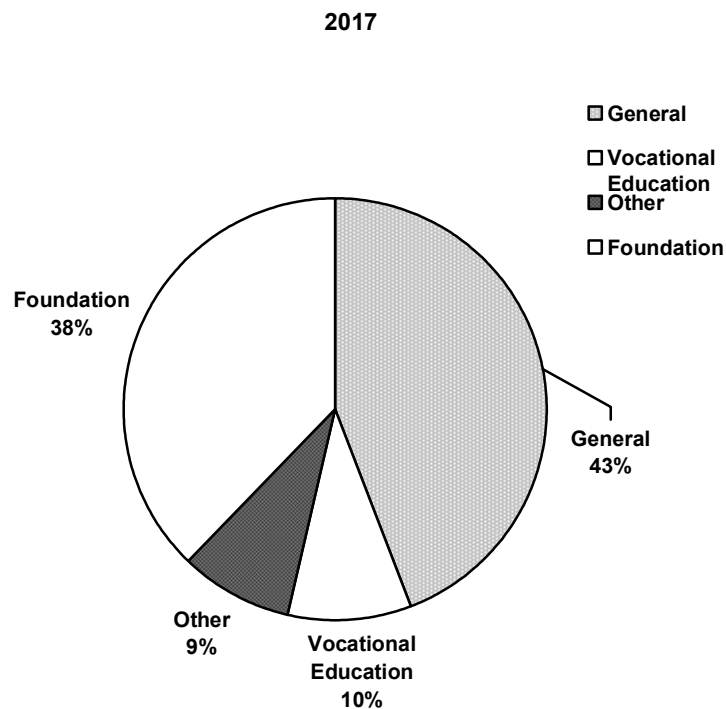
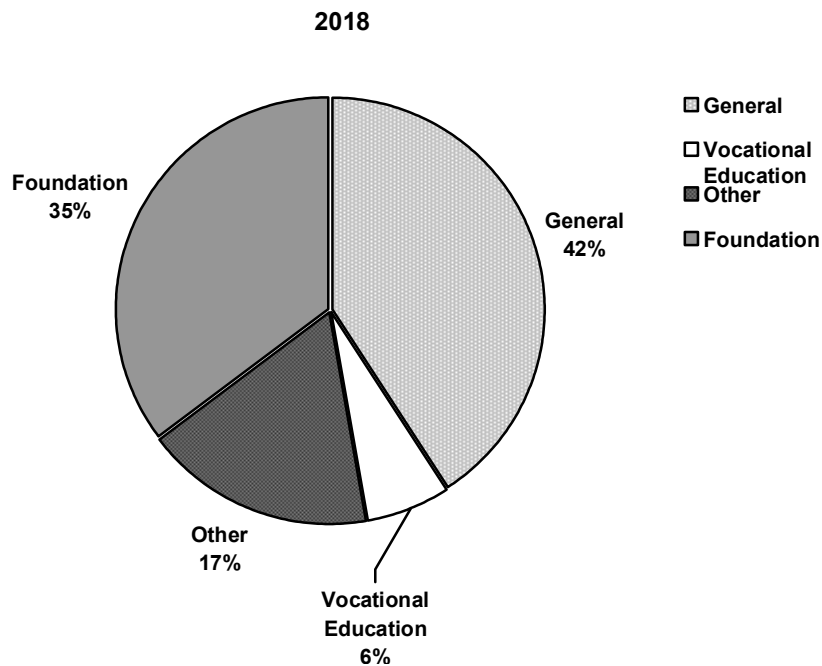


## THE COLLEGE'S FUND BALANCES

The College's combined fund balances as of the end of the current year for governmental funds were \$7,406,000, as reflected in the Balance Sheet of the Governmental Funds. This balance represents an increase of \$916,000 (14%) from last year's ending balance.

A comparison of fund balances as of June 30, 2018 and 2017 based on information included in the fund financial statements is presented below:

### Governmental Fund Balances



## THE COLLEGE'S FUND BALANCES (CONTINUED)

Following is an analysis of General Fund and Vocational Education Fund revenue and expenditures compared to the previous year:

Table 3: Comparison to Prior Year

### GENERAL FUND

	<u>2018</u>	<u>2017</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$1,060,395	\$1,069,573	\$ (9,178)	-1%
Tuition	1,365,251	1,194,214	171,037	14%
Charges for services	389,081	762,335	(373,254)	-49%
Local support	10,771,523	10,128,418	643,105	6%
State support	1,467,731	1,467,731	-	0%
Private gifts	2,800	356,405	(353,605)	-99%
Investment earnings	44,339	20,297	24,042	118%
Debt issue proceeds	299,735	91,641	208,094	227%
Miscellaneous	180,487	1,184,806	(1,004,319)	-85%
Total revenue	<u>15,581,342</u>	<u>16,275,420</u>	<u>(694,078)</u>	-4%
Expenditures				
Institutional support	3,841,337	4,088,737	(247,400)	-6%
Instruction	2,515,698	2,742,573	(226,875)	-8%
Student services	2,592,214	2,541,975	50,239	2%
Academic support	845,082	938,303	(93,221)	-10%
Operation and maintenance	2,172,499	2,754,622	(582,123)	-21%
Scholarships and grants	412,930	279,753	133,177	48%
Capital outlay	919,366	685,531	233,835	34%
Debt service principal	467,665	432,912	34,753	8%
Debt service interest	143,317	186,335	(43,018)	-23%
Transfers out	1,500,000	1,256,405	243,595	19%
Total expenditures	<u>15,410,108</u>	<u>15,907,146</u>	<u>(497,038)</u>	-3%
Change in fund balance	<u>\$ 171,234</u>	<u>\$ 368,274</u>	<u>\$ (197,040)</u>	

### VOCATIONAL EDUCATION FUND

	<u>2018</u>	<u>2017</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 447,711	\$ 464,031	\$ (16,320)	-4%
Tuition	694,540	655,198	39,342	6%
Charges for services	2,720,507	4,744,857	(2,024,350)	-43%
State support	1,266,423	1,264,265	2,158	0%
Federal support	79,135	87,898	(8,763)	-10%
Private gifts	20,011	2,000	18,011	901%
Miscellaneous	2,574	3,240	(666)	-21%
Transfers in	1,500,000	900,000	600,000	67%
Total revenue	<u>6,730,901</u>	<u>8,121,489</u>	<u>(1,390,588)</u>	-17%
Expenditures				
Institutional support	1,038,049	963,281	74,768	8%
Instruction	2,827,003	2,598,832	228,171	9%
Student services	128,795	173,064	(44,269)	-26%
Academic support	2,340,402	3,597,349	(1,256,947)	-35%
Operations and maintenance	425,175	458,906	(33,731)	-7%
Capital outlay	123,659	93,683	29,976	32%
Total expenditures	<u>6,883,083</u>	<u>7,885,115</u>	<u>(1,002,032)</u>	-13%
Change in fund balance	<u>\$ (152,182)</u>	<u>\$ 236,374</u>	<u>\$ (388,556)</u>	

## THE COLLEGE'S FUND BALANCES (CONTINUED)

Total revenue in the General Fund decreased \$694,000 as follows:

- Increase of \$171,000 in tuition;
- Decrease of \$373,000 in charges for services;
- Increase of \$643,000 in local support;
- Decrease of \$354,000 in private gifts;
- Increase of \$208,000 in debt issue proceeds;
- Decrease of \$1,004,000 in miscellaneous.

Expenditures in the General Fund decreased approximately \$497,000 as follows:

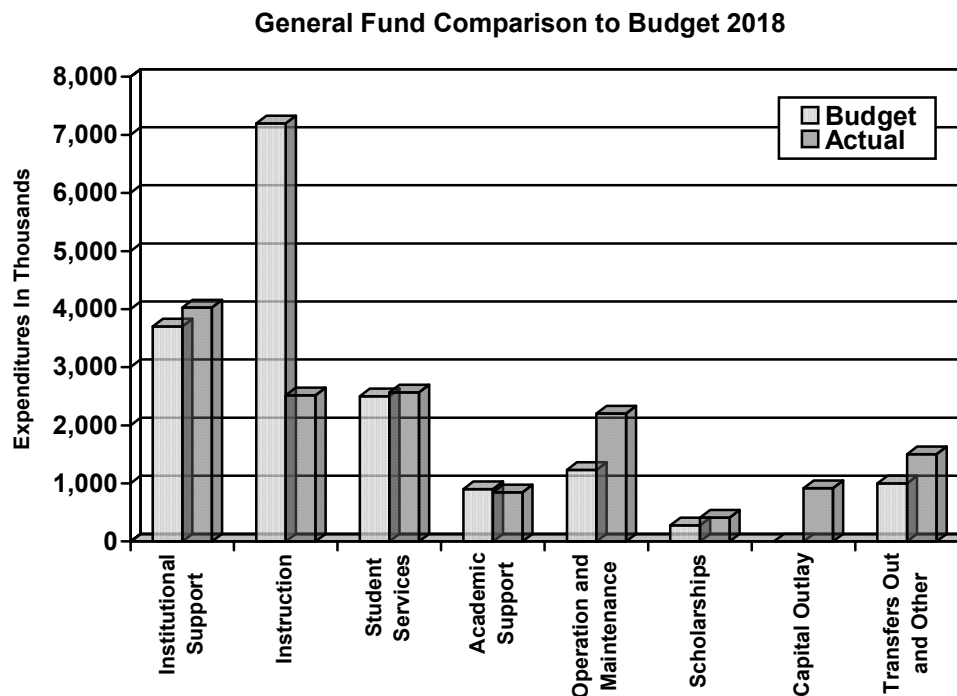
- Decrease of \$247,000 in institutional support;
- Decrease of \$227,000 in instruction;
- Decrease of \$582,000 in operations and maintenance;
- Increase of \$133,000 in scholarships and grants;
- Increase of \$234,000 in capital outlay;
- Increase of \$244,000 in transfers.

The General Fund and the Vocational Education Fund are tied together because the General Fund supports the Vocational Education Fund through annual operating transfers. Transfers were \$1,500,000 and \$900,000 as of June 30, 2018 and 2017, respectively.

## BUDGETARY HIGHLIGHTS

The governmental funds included in the published budget are the General Fund, Vocational Education Fund, Adult Education Fund, Adult Supplementary Education Fund and Capital Outlay Fund. Budgeted business-type funds are as follows: Bookstore Fund, Food Service Fund, Student Housing Fund, and Student Union Operations Fund. No fund spent more than its budgeted amount for the year.

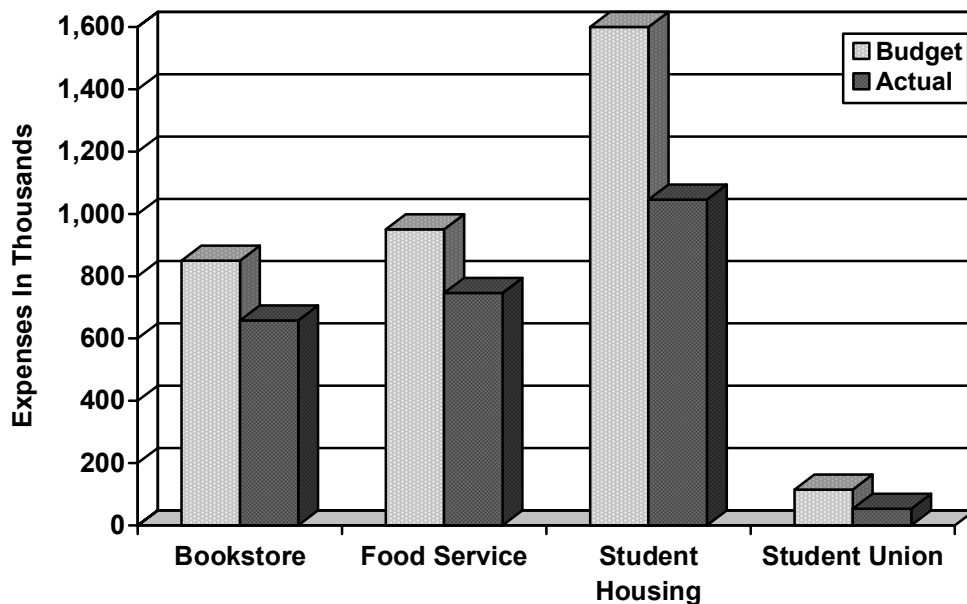
The following charts show expenditures by category compared with the published budget for the current year.





## BUDGETARY HIGHLIGHTS (CONTINUED)

Enterprise Funds Comparison to Budget 2018



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The College has invested \$33 million in capital assets (net of depreciation). Approximately 60% of this investment is related to governmental activities and includes infrastructure, buildings and equipment. Net governmental capital assets decreased about 6% from the prior year. Net capital assets held for business-type activities have decreased about 5% from the previous year. Capital assets held by the College at the end of the current and previous years are summarized as follows:

	Capital Assets (Net of Depreciation, in Thousands)					
	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 150	\$ 150	\$ -	\$ -	\$ 150	\$ 150
Buildings and improvements	17,672	18,814	12,860	13,540	30,532	32,354
Furniture and equipment	1,850	1,888	299	319	2,149	2,207
Infrastructure	104	112	-	-	104	112
Construction in progress	21	-	-	-	21	-
DCCC Foundation (Component unit)						
Construction in progress	1	-	-	-	1	-
Totals	<u>\$ 19,798</u>	<u>\$ 20,964</u>	<u>\$ 13,159</u>	<u>\$ 13,859</u>	<u>\$ 32,957</u>	<u>\$ 34,823</u>

Additional information about the College's capital assets is presented in Note G of the financial statements.

## CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

### Long-Term Liabilities

At the end of the current year, the College had long-term liabilities related to governmental activities of \$15,623,000. This includes \$5,437,000 in capital leases, \$730,000 in general obligation bonds, \$5,247,000 net OPEB obligation, \$192,000 in compensated absences payable, \$60,000 in notes payable and \$3,980,000 in revenue bonds payable. All of the leases outstanding as of the end of the year were secured by liens on the property purchased. Revenue bonds were issued in the name of the DCCC Foundation on September 17, 2014 at an interest rate of 2.00% to 3.25% for construction of a student activity center. The College had long-term liabilities related to business-type activities of \$14,050,000.

The debt position of the College is summarized below and is more fully analyzed in Note H of the financial statements.

	Long-term Obligations (in Thousands)					
	Governmental activities		Business-type activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Capital lease obligations	\$ 5,437	\$ 5,035	\$ 4,440	\$ 4,440	\$ 9,877	\$ 9,475
General obligation bonds	730	960	-	-	730	960
Revenue bonds	3,980	4,715	9,610	9,920	13,590	14,635
Notes payable	60	-	-	-	60	-
Net OPEB obligation	5,247	3,967	-	-	5,247	3,967
Compensated absences	192	171	-	-	192	171
Other obligations	37	22	-	-	37	22
Totals	<u>\$ 15,683</u>	<u>\$ 14,870</u>	<u>\$ 14,050</u>	<u>\$ 14,360</u>	<u>\$ 29,733</u>	<u>\$ 29,230</u>

### CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice-President of Operations and Finance, Dodge City Community College, 2501 N. 14<sup>th</sup> Avenue, Dodge City, Kansas 67801.

## **BASIC FINANCIAL STATEMENTS**

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF NET POSITION

June 30, 2018

	Primary government		
	Governmental activities	Business-type activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 783,546	\$ 1,039,879	\$ 1,823,425
Investments	9,055,540	-	9,055,540
Receivables (net)	258,154	32,428	290,582
Due from other governments	402,864	-	402,864
Due from others	189,048	-	189,048
Inventories and other assets	22,703	150,197	172,900
Restricted cash and cash equivalents	3,141,388	1,034,939	4,176,327
Capital assets, net	19,798,844	13,159,130	32,957,974
<b>Total assets</b>	<b>33,652,087</b>	<b>15,416,573</b>	<b>49,068,660</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charges	-	530,069	530,069
Contributions receivable	243,154	-	243,154
Changes in assumptions and inputs	345,067	-	345,067
<b>Total deferred outflows or resources</b>	<b>588,221</b>	<b>530,069</b>	<b>1,118,290</b>
<b>LIABILITIES</b>			
Accounts payable	211,619	8,347	219,966
Accrued interest payable	121,482	85,894	207,376
Compensated absences payable	191,502	-	191,502
Payable from restricted assets:			
Medical claims payable	274,043	-	274,043
Noncurrent liabilities:			
Due within one year:			
Capital lease obligations	551,914	185,000	736,914
General obligation bonds	185,000	-	185,000
Revenue bonds	320,000	320,000	640,000
Notes payable	6,059	-	6,059
Early retirement payable	29,555	-	29,555
Due in more than one year:			
Capital lease obligations	4,885,397	4,255,000	9,140,397
General obligation bonds	545,000	-	545,000
Revenue bonds	3,660,000	9,290,000	12,950,000
Notes payable	53,991	-	53,991
Early retirement payable	7,291	-	7,291
Net OPEB obligation	5,247,449	-	5,247,449
<b>Total liabilities</b>	<b>16,290,302</b>	<b>14,144,241</b>	<b>30,434,543</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	3,491,966	-	3,491,966
Bond premium	59,129	116,340	175,469
<b>Total deferred inflows of resources</b>	<b>3,551,095</b>	<b>116,340</b>	<b>3,667,435</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	10,151,899	(890,870)	9,261,029
Restricted:			
Nonexpendable:			
Future educational purpose	2,681,737	-	2,681,737
Expendable:			
Construction	530,547	-	530,547
Debt service	-	949,045	949,045
Unrestricted	1,034,728	1,627,886	2,662,614
<b>Total net position</b>	<b>\$ 14,398,911</b>	<b>\$ 1,686,061</b>	<b>\$ 16,084,972</b>

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF ACTIVITIES

Year ended June 30, 2018

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
Institutional support	\$ 7,003,250	\$ 478,880	\$ 642,965	\$ -
Instruction	6,935,767	2,809,115	329,371	-
Student services	3,704,958	1,499,314	438,510	-
Academic support	3,315,863	2,398,753	-	-
Operation and maintenance	3,249,716	-	2,800	-
Scholarships and grants	5,074,707	613,720	4,143,869	-
Community service	732,443	-	462,224	-
Capital outlay	74,494	-	-	233,208
Indirect depreciation	8,442	-	-	-
Indirect interest on long-term debt	281,964	-	-	-
Total governmental activities	30,381,604	7,799,782	6,019,739	233,208
Business-type activities:				
Bookstore	615,622	608,373	-	-
Food service	746,162	760,603	-	-
Student housing	1,780,465	1,292,211	-	-
Student union operations	52,500	60,195	-	-
Total business-type activities	3,194,749	2,721,382	-	-
Total primary government	\$ 33,576,353	\$ 10,521,164	\$ 6,019,739	\$ 233,208

### General revenues:

Property taxes, levied for general purposes  
Grants and contributions not restricted to specific programs  
Investment earnings  
Loss on disposal of assets  
Miscellaneous

Total general revenues

Change in net assets

Net position - beginning

Prior period adjustment

Net position - ending

The accompanying notes are an integral part of the basic financial statements.

Changes in net assets		
Primary government		
Governmental activities	Business-type activities	Total
\$ (5,881,405)	\$ -	\$ (5,881,405)
(3,797,281)	-	(3,797,281)
(1,767,134)	-	(1,767,134)
(917,110)	-	(917,110)
(3,246,916)	-	(3,246,916)
(317,118)	-	(317,118)
(270,219)	-	(270,219)
158,714	-	158,714
(8,442)	-	(8,442)
<u>(281,964)</u>	<u>-</u>	<u>(281,964)</u>
 <u>(16,328,875)</u>	 <u>-</u>	 <u>(16,328,875)</u>
-	(7,249)	(7,249)
-	14,441	14,441
-	(488,254)	(488,254)
-	7,695	7,695
<u>-</u>	<u>(473,367)</u>	<u>(473,367)</u>
 <u>(16,328,875)</u>	 <u>(473,367)</u>	 <u>(16,802,242)</u>
 11,494,930	 -	 11,494,930
4,167,601	5,000	4,172,601
167,071	4,541	171,612
-	(38,664)	(38,664)
335,707	-	335,707
<u>16,165,309</u>	<u>(29,123)</u>	<u>16,136,186</u>
 (163,566)	 (502,490)	 (666,056)
14,916,641	2,188,551	17,105,192
<u>(354,164)</u>	<u>-</u>	<u>(354,164)</u>
<u><u>\$ 14,398,911</u></u>	<u><u>\$ 1,686,061</u></u>	<u><u>\$ 16,084,972</u></u>

# DODGE CITY COMMUNITY COLLEGE

## BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	<u>General</u>	<u>Vocational education</u>	<u>Dodge City Community College Foundation</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
<u>ASSETS</u>					
Cash	\$5,812,225	\$ 536,795	\$ 78,004	\$ 921,360	\$ 7,348,384
Investments	-	-	2,453,065	-	2,453,065
Property taxes receivable	319,601	-	-	21,073	340,674
Due from other governments	-	-	-	62,190	62,190
Due from others	189,048	-	-	-	189,048
Due from other funds	31,706	-	-	-	31,706
Restricted cash	-	-	91,045	624,864	715,909
Total assets	<u>\$6,352,580</u>	<u>\$ 536,795</u>	<u>\$2,622,114</u>	<u>\$1,629,487</u>	<u>\$ 11,140,976</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 31,706	\$ 31,706
Accounts payable	47,067	67,302	-	96,493	210,862
Total liabilities	<u>47,067</u>	<u>67,302</u>	<u>-</u>	<u>128,199</u>	<u>242,568</u>
Deferred inflows of resources:					
Property taxes	3,276,098	-	-	215,868	3,491,966
Fund balances:					
Nonspendable	-	-	1,656,713	59,623	1,716,336
Restricted	-	-	965,401	751,320	1,716,721
Assigned	3,021,845	469,493	-	482,047	3,973,385
Unassigned	7,570	-	-	(7,570)	-
Total fund balances	<u>3,029,415</u>	<u>469,493</u>	<u>2,622,114</u>	<u>1,285,420</u>	<u>7,406,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$6,352,580</u>	<u>\$ 536,795</u>	<u>\$2,622,114</u>	<u>\$1,629,487</u>	<u>\$ 11,140,976</u>

The accompanying notes are an integral part of the basic financial statements.

## DODGE CITY COMMUNITY COLLEGE

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2018

Total fund balances on the balance sheet	\$ 7,406,442
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Accounts receivable from governmental activities are not financial resources and therefore are not reported in the funds.	105,421
Changes in assumptions and inputs relating to net OPEB obligation are not financial resources and therefore are not reported in the funds.	345,067
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,798,844
Contributions receivable from governmental activities are not financial resources and therefore are not reported in the funds.	243,154
Internal service funds are used by management to charge the costs of certain activities, such as central stores and health insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	2,363,752
Long-term liabilities, including capitalized leases, are not due and payable in the current period and therefore are not reported in the funds.	(10,244,207)
Accrued interest is not due and payable in the current period and therefore is not reported in the funds.	(121,482)
Bond premium is not deferred and amortized and therefore is not reported in the funds.	(59,129)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(191,502)
Net OPEB obligation is not due and payable in the current period and therefore is not reported in the funds.	<u>(5,247,449)</u>
Net position of governmental activities	<u><u>\$ 14,398,911</u></u>

The accompanying notes are an integral part of the basic financial statements.



# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year ended June 30, 2018

	General	Vocational education	Dodge City Community College Foundation	Other governmental funds	Total governmental funds
Revenue:					
Student fees	\$1,060,395	\$ 447,711	\$ -	\$ 600,000	\$2,108,106
Tuition	1,365,251	694,540	-	-	2,059,791
Charges for services	389,081	2,720,507	863,159	265,624	4,238,371
Local support	10,771,523	-	15,860	723,407	11,510,790
State support	1,467,731	1,266,423	-	93,529	2,827,683
Federal support	-	79,135	-	5,308,134	5,387,269
Private support and gifts	2,800	20,011	176,411	402,992	602,214
Investment earnings	44,339	-	111,171	1,096	156,606
Miscellaneous	180,487	2,574	1,309	151,337	335,707
Total revenue	15,281,607	5,230,901	1,167,910	7,546,119	29,226,537
Expenditures:					
Education and general:					
Institutional support	3,841,337	1,038,049	84,368	1,201,573	6,165,327
Instruction	2,515,698	2,827,003	-	252,861	5,595,562
Student services	2,592,214	128,795	-	-	2,721,009
Academic support	845,082	2,340,402	-	-	3,185,484
Operation and maintenance	2,172,499	425,175	-	-	2,597,674
Scholarships and grants	412,930	-	-	4,661,777	5,074,707
Community service	-	-	-	689,243	689,243
Capital outlay	919,366	123,659	-	441,032	1,484,057
Debt service:					
Principal	467,665	-	735,000	230,000	1,432,665
Interest	143,317	-	126,670	24,200	294,187
Total expenditures	13,910,108	6,883,083	946,038	7,500,686	29,239,915
Excess (deficiency) of revenue over expenditures	1,371,499	(1,652,182)	221,872	45,433	(13,378)
Other financing sources (uses):					
Debt issue proceeds	299,735	-	60,050	570,000	929,785
Transfers in	-	1,500,000	-	112,201	1,612,201
Transfers out	(1,500,000)	-	(102,800)	(9,401)	(1,612,201)
Total other financing sources and uses	(1,200,265)	1,500,000	(42,750)	672,800	929,785
Net change in fund balances	171,234	(152,182)	179,122	718,233	916,407
Fund balances, beginning of year	2,858,181	621,675	2,442,992	567,187	6,490,035
Fund balances, end of year	\$3,029,415	\$ 469,493	\$2,622,114	\$1,285,420	\$7,406,442

The accompanying notes are an integral part of the basic financial statements.

## DODGE CITY COMMUNITY COLLEGE

### RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2018

Net change in fund balances, total governmental funds	\$ 916,407
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds recognize receivables and related revenue when they become measurable and available. Available is defined as expected to be collected within sixty days of year-end. In the statement of net position, receivables are accrued when earned. This is the amount of the change in net receivables in the current year.	256,675
---	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and losses in the current year.	(1,225,206)
--	-------------

Governmental funds report interest on long-term debt as expenditures when due. However, in the statement of activities, interest is accrued from the last payment made through the payment due date. This is the amount of the change in accrued interest payable in the current year.	7,295
--	-------

Increases in long-term liabilities provide current financial resources to governmental funds, but entering into such obligations increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds in the current year.	502,880
--	---------

Compensated absences and early retirement liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in these liabilities in the current year.	(35,642)
--	----------

Internal service funds are used by management to charge the cost of certain activities, such as central stores and medical insurance, to individual funds. The net operating income (loss) of the internal service funds and the interest income are reported with governmental activities in the statement of activities.	(5,174)
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Net OPEB obligation reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This is the change in the liability in the current year.	<u>(580,801)</u>
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Change in net assets of governmental activities	<u><u>\$ (163,566)</u></u>
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The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

June 30, 2018

	Business-type activities	
	Enterprise funds	
	Student housing	Other proprietary funds
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 611,285	\$ 428,594
Receivables, net	32,428	-
Inventories	-	150,197
Total current assets	643,713	578,791
Noncurrent assets:		
Restricted cash and cash equivalents	1,034,939	-
Capital assets:		
Buildings and equipment	16,564,314	-
Less accumulated depreciation	(3,405,184)	-
Total noncurrent assets	14,194,069	-
Total assets	14,837,782	578,791
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charges	530,069	-
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	3,606	4,741
Accrued interest payable	85,894	-
Capital lease payable	185,000	-
Revenue bonds payable	320,000	-
Payable from restricted assets:		
Medical claims payable	-	-
Total current liabilities	594,500	4,741
Noncurrent liabilities:		
Revenue bonds payable	9,290,000	-
Capital lease payable	4,255,000	-
Deferred bond premium	116,340	-
Total long-term liabilities	13,661,340	-
Total liabilities	14,255,840	4,741
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	(890,870)	-
Restricted for debt service	949,045	-
Unrestricted	1,053,836	574,050
Total net position	1,112,011	574,050
Total liabilities and net position	\$ 15,367,851	\$ 578,791

The accompanying notes are an integral part of the basic financial statements.

Business-type activities	Governmental
Enterprise funds	activities
Total	Internal service funds
\$ 1,039,879	\$ 37,637
32,428	152,733
150,197	22,703
1,222,504	213,073
1,034,939	2,425,479
16,564,314	-
(3,405,184)	-
14,194,069	2,425,479
15,416,573	2,638,552
530,069	-
8,347	757
85,894	-
185,000	-
320,000	-
-	274,043
599,241	274,800
9,290,000	-
4,255,000	-
116,340	-
13,661,340	-
14,260,581	274,800
(890,870)	-
949,045	-
1,627,886	2,363,752
1,686,061	2,363,752
\$ 15,946,642	\$ 2,638,552

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

Year ended June 30, 2018

	Business-type activities	
	Enterprise funds	
	Student housing	Other proprietary funds
Operating revenue:		
Charges for services	\$ 1,292,211	\$ 1,429,171
Operating expenses:		
Personal services	226,857	104,754
Contractual services	217,523	803,147
Repairs and maintenance	85,667	13,235
Other supplies and expenses	5,091	489,828
Capital outlay	46,781	3,320
Depreciation	703,624	-
Total operating expenses	1,285,543	1,414,284
Operating income (loss)	6,668	14,887
Nonoperating revenue (expense):		
Interest and investment revenue	4,076	465
Interest expense	(494,922)	-
Loss on disposal of asset	(38,664)	-
Donations	-	5,000
Total nonoperating revenue (expense)	(529,510)	5,465
Change in net position	(522,842)	20,352
Total net position, beginning of year	1,634,853	553,698
Total net position, end of year	\$ 1,112,011	\$ 574,050

The accompanying notes are an integral part of the basic financial statements.

Business-type activities	Governmental activities
Enterprise funds	Internal service funds
Total	
<u>\$ 2,721,382</u>	<u>\$ 1,496,467</u>
331,611	-
1,020,670	1,481,292
98,902	-
494,919	30,814
50,101	-
703,624	-
<u>2,699,827</u>	<u>1,512,106</u>
<u>21,555</u>	<u>(15,639)</u>
4,541	10,465
(494,922)	-
(38,664)	-
5,000	-
<u>(524,045)</u>	<u>10,465</u>
<u>(502,490)</u>	<u>(5,174)</u>
<u>2,188,551</u>	<u>2,368,926</u>
<u><u>\$ 1,686,061</u></u>	<u><u>\$ 2,363,752</u></u>

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

Year ended June 30, 2018

	Business-type activities	
	Enterprise funds	
	Student housing	Other proprietary funds
Cash flows from operating activities:		
Receipts from customers	\$ 1,278,582	\$ 1,429,171
Payments for goods and services	(354,812)	(1,351,839)
Payments to employees	(226,857)	(104,754)
Net cash provided (used) by operating activities	696,913	(27,422)
Cash flows from noncapital financing activities:		
Private gifts received	-	5,000
Cash flows from capital and related financing activities:		
Purchases of capital assets	(41,899)	-
Principal paid on capital debt	(310,000)	-
Interest paid on capital debt	(470,885)	-
Net cash used by capital and related financing activities	(822,784)	-
Cash flows from investing activities:		
Interest and dividends	4,076	465
Net increase (decrease) in cash and cash equivalents	(121,795)	(21,957)
Balances, beginning of year	1,768,019	450,551
Balances, end of year	\$ 1,646,224	\$ 428,594
Cash and cash equivalents	\$ 611,285	\$ 428,594
Restricted cash and cash equivalents	1,034,939	-
Total balance, end of year	\$ 1,646,224	\$ 428,594

Business-type activities		Governmental activities	
Enterprise funds		Internal service funds	
Total			
\$ 2,707,753		\$ 1,575,419	
(1,706,651)		(1,598,472)	
(331,611)		-	
669,491		(23,053)	
5,000		-	
(41,899)		-	
(310,000)		-	
(470,885)		-	
(822,784)		-	
4,541		10,465	
(143,752)		(12,588)	
2,218,570		2,475,704	
\$ 2,074,818		\$ 2,463,116	
\$ 1,039,879		\$ 37,637	
1,034,939		2,425,479	
\$ 2,074,818		\$ 2,463,116	



# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended June 30, 2018

	Business-type activities	
	Enterprise funds	
	Student housing	Other proprietary funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 6,668	\$ 14,887
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	703,624	-
Change in assets and liabilities:		
Receivables, net	(13,629)	-
Inventories	-	(42,743)
Accounts and other payables	250	434
Net cash provided (used) by operating activities	<u>\$ 696,913</u>	<u>\$ (27,422)</u>

The accompanying notes are an integral part of the basic financial statements.

Business-type activities		Governmental activities	
Enterprise funds		Internal service funds	
Total			
\$	21,555	\$	(15,639)
	703,624		-
	(13,629)		78,952
	(42,743)		(14,586)
	684		(71,780)
\$	669,491	\$	(23,053)

**DODGE CITY COMMUNITY COLLEGE**

**STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS**

June 30, 2018

ASSETS

Cash and cash equivalents	<u>\$ 1,859,725</u>
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LIABILITIES

Due to others	<u>\$ 1,859,725</u>
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The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## BUDGETARY COMPARISON STATEMENT GENERAL FUND

Year ended June 30, 2018

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget positive (negative)
Budgetary fund balance, beginning of year	\$ 5,647,297	\$ 5,647,297	\$ 5,688,590	\$ 41,293
Resources (inflows):				
Student fees	895,535	895,535	1,060,395	164,860
Tuition	2,738,200	2,738,200	1,365,251	(1,372,949)
Charges for services	-	-	389,081	389,081
Local	10,995,875	10,995,875	10,869,611	(126,264)
State	1,467,731	1,467,731	1,467,731	-
Private gifts	-	-	2,800	2,800
Investment earnings	25,000	25,000	44,339	19,339
Miscellaneous	-	-	180,487	180,487
Debt issue proceeds	-	-	299,735	299,735
Amounts available for appropriation	21,769,638	21,769,638	21,368,020	(401,618)
Charges to appropriations (outflows):				
Education and general:				
Institutional support	3,700,000	3,700,000	4,030,385	(330,385)
Instruction	7,200,000	7,200,000	2,515,698	4,684,302
Student services	2,500,000	2,500,000	2,564,214	(64,214)
Academic support	900,000	900,000	845,082	54,918
Operation and maintenance	1,235,000	1,235,000	2,204,270	(969,270)
Scholarships	280,000	280,000	412,930	(132,930)
Capital outlay	-	-	919,366	(919,366)
Debt service	-	-	610,982	(610,982)
Transfers to other funds	1,000,000	1,000,000	1,500,000	(500,000)
Total charges to appropriations	16,815,000	16,815,000	15,602,927	1,212,073
Budgetary fund balance, end of year	\$ 4,954,638	\$ 4,954,638	\$ 5,765,093	\$ 810,455

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## BUDGETARY COMPARISON STATEMENT VOCATIONAL EDUCATION FUND

Year ended June 30, 2018

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 846,839	\$ 846,839	\$ 841,782	\$ (5,057)
Resources (inflows):				
Student fees	5,434,951	5,434,951	447,711	(4,987,240)
Tuition	656,213	656,213	694,540	38,327
Charges for services	-	-	2,465,027	2,465,027
State	2,257,598	2,257,598	1,266,423	(991,175)
Federal	90,508	90,508	79,135	(11,373)
Private gifts	-	-	20,011	20,011
Miscellaneous	-	-	2,574	2,574
Transfers from other funds	1,000,000	1,000,000	1,500,000	500,000
Amounts available for appropriation	10,286,109	10,286,109	7,317,203	(2,968,906)
Charges to appropriations (outflows):				
Education and general:				
Institutional support	650,000	650,000	1,038,049	(388,049)
Instruction	8,242,000	8,242,000	2,827,003	5,414,997
Student services	550,000	550,000	128,795	421,205
Academic support	270,000	270,000	2,340,402	(2,070,402)
Operation and maintenance	150,000	150,000	425,175	(275,175)
Capital outlay	-	-	130,626	(130,626)
Total charges to appropriations	9,862,000	9,862,000	6,890,050	2,971,950
Budgetary fund balance, end of year	\$ 424,109	\$ 424,109	\$ 427,153	\$ 3,044

The accompanying notes are an integral part of the basic financial statements.

# DODGE CITY COMMUNITY COLLEGE

## BUDGETARY COMPARISON STATEMENT BUDGET TO GAAP RECONCILIATION

Year ended June 30, 2018

	General fund	Vocational education fund
	<hr/>	<hr/>
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison schedule	\$ 21,368,020	\$ 7,317,203
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(5,688,590)	(841,782)
Budgetary local taxes include the actual amount of taxes received, GAAP local taxes are adjusted for property taxes receivable and deferred revenue.	(98,088)	-
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	-	(1,500,000)
Budgetary charges for services is the actual amount received, GAAP tuition is adjusted for deferred revenue.	-	255,480
	<hr/>	<hr/>
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 15,281,607</u>	<u>\$ 5,230,901</u>
Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison schedule	\$ 15,602,927	\$ 6,890,050
Differences, budget to GAAP:		
Encumbrances are included as a budgetary outflow.	(192,819)	(6,967)
Transfers to other funds are outflows of budgetary resources, but they are not expenditures for financial reporting purposes.	(1,500,000)	-
	<hr/>	<hr/>
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 13,910,108</u>	<u>\$ 6,883,083</u>

The accompanying notes are an integral part of the basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# **DODGE CITY COMMUNITY COLLEGE**

## **NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2018

### **A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Dodge City Community College was incorporated in 1935, under the laws of the State of Kansas and is governed by an elected seven-member board of trustees. The College's major operations include post-secondary education and the operation of student housing for its students.

The College's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant policies established in GAAP and used by the College are discussed below.

#### **1. Reporting entity**

These financial statements present Dodge City Community College (the primary government), and its blended component unit, the Dodge City Community College Foundation. As defined by GASB Statement No. 14 and clarified by GASB Statement No. 39, component units are legally separate entities that are included in the College's reporting entity because of the significance of their operating or financial relationships with the College. The information of the Foundation is presented as a major fund in the governmental fund financial statements, and is blended in with all other governmental activities in the government-wide financial statements of the College.

The DCCC Foundation is a not-for-profit corporation organized on September 24, 1991, under Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal income taxes and is not a private foundation. The purpose of the DCCC Foundation is to aid the fulfillment of the research, teaching, and service functions and to provide financial assistance through academic scholarships to Dodge City Community College. Separate financial statements for the DCCC Foundation may be obtained by contacting the business office at the College.

#### **2. Basic financial statements - government-wide statements**

The College's basic financial statements include both government-wide (reporting the College as a whole) and fund financial statements (reporting the College's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The College's institutional support, instruction, student services, academic support, operation and maintenance, scholarships and grants, community service, and capital outlay functions are classified as governmental activities. The College's bookstore, food service, student housing and student union operations are classified as business-type activities.



## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2. Basic financial statements - government-wide statements (continued)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The College's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Restricted net position includes those restricted for future educational purposes according to the Title III grant contract. The DCCC Foundation has donor-restricted net position as part of its endowment for scholarships. The College first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the College's governmental functions and business-type activities. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity. Governmental charges for services include student tuition and fees, day care center charges, and sales from vocational education classes. Business-type charges (operating revenue) include book sales, meal sales, housing charges, and student union fees. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All internal activity has been eliminated.

The net costs (by governmental function or business-type activity) are normally covered by general government revenues such as property taxes, intergovernmental revenues, and interest income.

The College does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the governmental functions categories.

This government-wide focus is on the sustainability of the College as an entity and the change in the College's net position resulting from the current year's activities.

### 3. Basic financial statements - fund financial statements

The financial transactions of the College are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The College may electively add funds, as major funds. Major governmental funds are the General, Vocational Education, and the Dodge City Community College Foundation. The major business-type fund is the Student Housing Fund. The College has not electively added any funds as major funds. The nonmajor funds are combined in a column in the fund financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

The following types of funds are used by the College:

a. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. The following are descriptions of the governmental funds of the College.

General fund is the general operating fund of the College. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the College's programs.

b. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following are descriptions of the proprietary funds of the College:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues include charges for services, and non-operating revenues include investment income, grants and contributions.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the College on a cost-reimbursement basis.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. Basic financial statements - fund financial statements (continued)

#### c. Fiduciary Funds

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support College programs.

The College's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the College's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The administrative overhead component of these programs is not eliminated, but is included in direct expenses. To the extent possible, the cost of these services is reported in the appropriate governmental functional activity (institutional support, instruction, student services, etc.). Internal service funds provide supplies through the Central Stores Fund and medical insurance through the Medical Benefit Plan Fund.

The College's fiduciary funds are presented in the fiduciary fund financial statements by type: pension, investment and private purpose trust funds and agency funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds are the Flexible Spending Account, Activity Accounts Fund, Janney Interest Free Loan, Activity Accounts Clearing, Flight Clearing Account, Helicopter Flight Fees, and Universal Helicopter Admin Fees.

### 4. Measurement focus and basis of accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Measurement focus and basis of accounting (continued)

- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The College considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

### 5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 6. Budgetary control

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of budget for the succeeding fiscal year on or before August 1<sup>st</sup>.
- b. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- d. Adoption of final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year:

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for the General Fund and major special revenue fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting. Revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for state and federal grant funds, donation funds, reserve funds, capital projects funds, permanent funds, agency funds and the following special revenue funds:

DCCC Foundation  
DCCC Child Development Center  
Divisional Scholarship  
Financial Aid  
Special Revenue Activity Accounts

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the College's share of pension costs; such costs to be funded are determined annually by the system's actuary.

Dodge City Community College has established a defined contribution pension plan for all eligible employees. The College's policy is to fund all pension costs accrued; such costs to be funded are determined annually.

### 8. Section 125 plan

The College offers a Section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by the health insurance provider.

### 9. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 10. Financial statement amounts

#### a. Pooled cash

To facilitate better management of the College's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the appropriate funds based on the average monthly balance of cash and temporary investments included in the combined pool of cash and temporary investments.

#### b. Investments and restricted cash

Restricted cash is for the payment of medical insurance claims, compliance with the Title III grant contract, housing debt service and housing construction. Investments of the College consist of certificates of deposit and the Kansas Municipal Investment Pool. Investments of the DCCC Foundation consist of mutual funds, corporate stock, master limited partnerships and asset and mortgage-backed securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values using the market approach (prices generated by market transactions involving identical or similar assets) and Level 1 inputs (quoted prices for identical assets in an active market) in the statement of net position. Unrealized gains and losses are included in the change in net position.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

c. Cash and cash equivalents

The College has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the College's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

d. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include accounts receivable for tuition and fees, and due from other governments for grant funding. Business-type activities report accounts receivable for student housing charges.

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk allocates the annual assessment to the taxing units. Taxes are levied by November 1, and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed by January 20 and the second half is due May 10 and distributed by June 5. A portion of the taxes distributed to the College have been deferred as those amounts are not available to finance the current year operations. Also, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the College. Accruals of uncollected current year property taxes have been deferred and are not reflected in revenue.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue.

e. Inventories

Inventories in the Central Stores Fund consist of expendable supplies held for the College's use and are carried at cost using the average cost method. Bookstore inventories consist of new and used books and soft goods, and are carried at most recent cost.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

f. Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture and equipment	5-10 years
Infrastructure	10-50 years

g. Compensated absences

The College's vacation policy permits employees to accumulate vacation at rates based on length of employment, which range from five days per year to twenty-four days per year. The current costs of vacation pay are recorded in the applicable fund. Faculty members who retire and are eligible for KPERS are paid for unused sick leave at a rate of \$25 per day up to sixty days.

h. Early retirement

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 15 years of service with the College, must meet the KPERS Early Retirement Qualification of 85 points (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits end after five years or when the retiree reaches age 65, whichever occurs first. The net present value of this obligation is included in the government-wide financial statements. The discount rate is four percent.

i. Deferred outflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has deferred charges relating to the refinancing of long-term debt amortized over the life of the debt service payments, contributions receivable over future periods and changes in assumptions and inputs relating to the net OPEB obligation.



A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

j. Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied and collected, but the resources cannot be used until a future period and bond premiums relating to long-term debt accreted over the life of the debt service payments.

k. Other post-employment benefits

As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. Plan members retiring with at least 15 years' service have a portion of their blended premium paid by the College until age 65. Otherwise, retirees must pay the full blended premium to maintain coverage. Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate.

l. Government-wide and proprietary fund net position

Government-wide and proprietary fund net position is divided into three components:

1. Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by creditors, by state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. Net position restricted for future educational purposes was created to comply with the terms of the Title III grant contract. During the first five years all contributions and earnings become corpus. During years six through twenty, half of the earnings may be used for college operations. After twenty years, corpus and earnings may be used for any educational purpose.
3. Unrestricted net position – all other net position is reported under this category.

m. Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

m. Governmental fund balances (continued)

2. Restricted – Amounts that can be spent only for specific purposes because of College resolutions, state or federal laws, or externally imposed conditions by grantors and creditors.
3. Committed – Amounts that can be used only for specific purposes determined by a formal action by College Board of Trustee resolution.
4. Assigned – Amounts that are designated by the Board of Trustees or management for a particular purpose but are not spendable until there is formal approval.
5. Unassigned – All amounts not included in other spendable classifications.

n. Interfund activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The purpose of these transfers is to provide operating resources to the recipient fund.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and for interpretation by the legal representatives of the College.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by the budget. Budgeted (including qualified budget credits) and actual expenditures for the year ended June 30, 2018 are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 16,815,000	\$ 15,602,927	\$ 1,212,073
Vocational Education	9,862,000	6,890,050	2,971,950
Adult Supplementary Education	162,414	-	162,414
Adult Education	340,467	287,874	52,593
Capital Outlay	730,962	626,359	104,603
Bookstore	850,000	658,365	191,635
Food Service	950,000	746,162	203,838
Student Housing	1,600,000	1,046,288	553,712
Student Union Operations	115,000	52,500	62,500

## B. COMPLIANCE WITH KANSAS STATUTES (CONTINUED)

Cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in excess of available monies in a fund. Although certain special revenue federal grant funds overspent their cash balances, according to K.S.A. 12-1664, the College is not prohibited from financing the federal share of a local program from current funds if available. Funds in this categories are as follows:

RSVP Ford County	\$ 7,148
Home Food Program	28,493
NIH – KS Bridges Grant	13,914
Federal Work Study	422
LSAMP Grant	9,454

## C. DEPOSITS AND INVESTMENTS

*Policies.* Board of Trustee policy on deposits requires the Board to designate by resolution the name and location of each bank approved as an official College depository and the maximum amount which may be deposited at each bank. All deposits in any bank must have one hundred percent secured pledging for each account. The policy on investments directs that funds be invested in accordance with the statutes of the State of Kansas.

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds to have a main or branch bank in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College has no investment policy that would further limit its investment choices.

*Custodial credit risk - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2018.

At June 30, 2018, the College's carrying amount of deposits, including certificates of deposit, was \$8,397,886 and the bank balance was \$8,768,165. Of the bank balance, \$835,749 was covered by federal depository insurance, and \$7,932,416 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the College's name.

*Investments.* As of June 30, 2018, the College had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Federated Government Obligations Fund	\$ 560,457	(See below)	AAAmmf
Kansas Municipal Investment Pool	<u>5,333,149</u>	(See below)	N/A
	<u>\$ 5,893,606</u>		

## C. DEPOSITS AND INVESTMENTS (CONTINUED)

Federated Government Obligations Fund is an open-end fund which seeks to provide current income consistent with stability of principal. The Fund invests in a portfolio of short-term US treasury and government agency securities, including repurchase agreements collateralized fully by US treasury and government agency securities. At June 30, 2018, the College had invested \$560,457 in Federated Government Obligations Fund.

At June 30, 2018, the College had invested \$5,333,149 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. Separately issued financial statements of the Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

*Credit quality risk.* Investment quality ratings given above are per Standard & Poor's, and they are as of June 30, 2018.

*Concentration of credit risk.* Investment types and percents at cost are as follows: Federated Government Obligations Fund 10% and Kansas Municipal Investment Pool 90%.

*Interest Rate Risk.* The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## D. INVESTMENTS – DCCC FOUNDATION

The DCCC Foundation is not limited as to the types of investments it may have. Investments of the Foundation are held in its own name and are carried at fair value. Investments are listed below by type as of June 30, 2018:

Cash and cash alternatives	\$ 214,978
Common stock equities	623,310
Exchange traded funds	376,918
Mutual funds	1,153,043
Asset and mortgage backed securities	75,969
Options	<u>8,847</u>
	<u>\$ 2,453,065</u>
Investments at cost	\$ 2,367,693
Unrealized appreciation	<u>85,372</u>
Investments at fair value	<u>\$ 2,453,065</u>

## E. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2018 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Tuition receivable	\$ 140,049	\$ -	\$ 140,049
Fees receivable	245,097	-	245,097
Housing charges receivable	-	140,022	140,022
Stop-loss receivable	152,733	-	152,733
Allowance for doubtful accounts	<u>(279,725)</u>	<u>(107,594)</u>	<u>(387,319)</u>
Net receivables	<u>\$ 258,154</u>	<u>\$ 32,428</u>	<u>\$ 290,582</u>

## F. CONTRIBUTIONS RECEIVABLE

Contributions receivable are recognized as revenues in the period received. Contributions receivable that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the year in which the contributions are received. Amortization of the discounts is included in contribution revenue. The following represents the expected future collections of contributions receivable:

### Year ended June 30,

2019	\$ 58,000
2020	35,000
2021	35,000
2022	35,000
2023	10,000
2024-2028	25,000
2029-2033	50,000
2034-2037	<u>40,000</u>
	288,000
Discount to Net Present Value	<u>(44,846)</u>
Total	<u>\$ 243,154</u>

## G. CAPITAL ASSETS

Financial Accounting Standards Board (FASB) Statement No. 34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2018 no interest costs were capitalized.

## H. LONG-TERM LIABILITIES

The College's long-term liabilities are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

### Governmental activities

As of June 30, 2018, the governmental long-term liabilities of the College consisted of the following:

#### Capital leases:

• A ten-year \$520,000 lease purchase entered into on March 1, 2012 for the purchase of Student Union Equipment. The interest rate is 0.50% to 2.25%. The obligation is secured by the equipment.	\$ 220,000
• A twelve-year \$1,360,000 lease purchase entered into on April 15, 2013 for the purchase of Football Field, Bus, Dining Tables & Chairs. The interest rate is 1.833%. The obligation is secured by the equipment.	825,000
• A fifteen-year \$2,620,000 lease purchase entered into on August 15, 2015 for the purchase of equipment. The interest rate is 1.90% to 3.75%. The obligation is secured by the equipment.	2,345,000
• A fifteen-year \$1,305,000 lease purchase entered into on August 15, 2015 for energy conservation improvements. The interest rate is 0.75% to 3.75%. The obligation is secured by the equipment.	1,170,000
• A three-year \$91,641 lease purchase entered into on October 31, 2016 for 100 Lenovo ThinkCentre M700 Computers. The interest rate is 8.30%. The obligation is secured by the equipment.	30,478
• A five-year \$276,833 lease purchase entered into on January 23, 2018 for a 2007 MCI J4500 Motorcoach. The interest rate is 3.73%. The obligation is secured by the equipment.	276,833
• An eight-year \$570,000 lease purchase entered into on May 14, 2018 for a Jenzabar EX Module, 2018 Dodge Ram, and Snowdogg Snow Blade. The interest rate is 2.92% - 3.25%. The obligation is secured by the equipment.	<u>570,000</u>
	<u>\$ 5,437,311</u>
Current portion	\$ 551,914
Noncurrent portion	<u>4,885,397</u>
Total capital leases	<u>\$ 5,437,311</u>

Interest expense for the fiscal year was \$137,615. Assets recorded under capital leases were \$6,106,541, and corresponding accumulated depreciation at June 30, 2018 was \$1,044,095. Construction in progress recorded under capitalized lease was \$20,850.

## H. LONG-TERM LIABILITIES (CONTINUED)

### Governmental activities (continued)

#### General obligations bonds:

General obligation capital outlay bonds for improvements were issued July 28, 2015 in the original amount of \$1,170,000. Interest rates are 2.00% to 3.00% and the maturity date is August 1, 2020. The principal balance at June 30, 2018 is \$730,000.

#### Industrial revenue bonds – component unit:

Industrial revenue bonds for a student activity center were issued by the Dodge City Community College Foundation on September 17, 2014 in the original amount of \$4,715,000. Interest rates are 2.00% to 3.25% and the maturity date is July 15, 2030. The principal balance at June 30, 2018 is \$3,980,000.

### Business-type activities

As of June 30, 2018, the business-type long-term liabilities of the College consisted of the following:

#### Capital lease:

Refunding certificates of participation to refinance student union and dormitory system improvements were issued November 15, 2016 in the original amount of \$4,440,000. Interest rate is 3.00% and the maturity date is April 1, 2034. The principal balance at June 30, 2018 is \$4,440,000.

#### Revenue bonds:

Revenue bonds for student union and dormitory system improvements were issued March 14, 2013 in the original amount of \$6,270,000. Interest rates are 1.00% to 4.00% and the maturity date is April 15, 2039. The principal balance at June 30, 2018 is \$5,540,000.

Revenue bonds for student union and dormitory system improvements were issued February 1, 2016 in the original amount of \$4,195,000. Interest rates are 1.50% to 4.00% and the maturity date is May 1, 2041. The principal balance at June 30, 2018 is \$4,070,000.

## H. LONG-TERM LIABILITIES (CONTINUED)

### Business-type activities (continued)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
Capital lease obligations	\$ 5,035,241	\$ 869,735	\$ 467,665	\$ 5,437,311
General obligation bonds	960,000	-	230,000	730,000
Compensated absences payable	170,994	20,508	-	191,502
Early retirement payable	21,712	15,134	-	36,846
	<u>6,187,947</u>	<u>905,377</u>	<u>697,665</u>	<u>6,395,659</u>
DCCC Foundation activities:				
Notes payable	-	60,050	-	60,050
Industrial revenue bonds	<u>4,715,000</u>	<u>-</u>	<u>735,000</u>	<u>3,980,000</u>
	<u>4,715,000</u>	<u>60,050</u>	<u>735,000</u>	<u>4,040,000</u>
Business-type activities:				
Capital lease	4,440,000	-	-	4,440,000
Revenue bonds	<u>9,920,000</u>	<u>-</u>	<u>310,000</u>	<u>9,610,000</u>
	<u>14,360,000</u>	<u>-</u>	<u>310,000</u>	<u>14,050,000</u>
	<u>\$25,262,947</u>	<u>\$ 965,427</u>	<u>\$ 1,742,665</u>	<u>\$24,485,709</u>

Payments on the vehicle leases are made from the General Fund. The science building lease is paid from the Vocational Education and Capital Outlay Funds. The note payable and industrial revenue bonds are being paid by the Foundation. Compensated absences are paid from the General and Vocational Education Funds and early retirement from the General Fund. The dormitory revenue bonds are paid from the Student Housing Fund.

Annual debt service requirements to maturity for capital leases follow:

### Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 551,914	\$ 146,959	\$ 698,873
2020	533,577	133,715	667,292
2021	540,800	122,338	663,138
2022	548,107	109,910	658,017
2023	482,913	96,565	579,478
2024-2028	1,845,000	304,668	2,149,668
2029-2031	<u>935,000</u>	<u>52,497</u>	<u>987,497</u>
Total	<u>\$5,437,311</u>	<u>\$ 966,652</u>	<u>\$6,403,963</u>

Annual debt service requirements to maturity for general obligation bonds follow:

### Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 240,000	\$ 18,300	\$ 258,300
2020	240,000	11,100	251,100
2021	<u>250,000</u>	<u>3,750</u>	<u>253,750</u>
Total	<u>\$ 730,000</u>	<u>\$ 33,150</u>	<u>\$ 763,150</u>



## H. LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for Foundation notes payable follow:

### Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 6,059	\$ 3,723	\$ 9,782
2020	6,434	3,348	9,782
2021	6,833	2,949	9,782
2022	7,257	2,525	9,782
2023	7,707	2,075	9,782
2024-2026	<u>25,760</u>	<u>3,237</u>	<u>28,997</u>
Total	<u>\$ 60,050</u>	<u>\$ 17,857</u>	<u>\$ 77,907</u>

Annual debt service requirements to maturity for Foundation revenue bonds follow:

### Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 255,000	\$ 116,770	\$ 371,770
2020	260,000	110,320	370,320
2021	270,000	102,370	372,370
2022	280,000	94,120	374,120
2023	285,000	85,645	370,645
2024-2028	1,565,000	281,860	1,856,860
2029-2031	<u>1,065,000</u>	<u>52,130</u>	<u>1,117,130</u>
Total	<u>\$3,980,000</u>	<u>\$ 853,215</u>	<u>\$4,833,215</u>

Annual debt service requirements to maturity for capital leases follow:

### Business-type activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 185,000	\$ 133,200	\$ 318,200
2020	230,000	127,650	357,650
2021	235,000	120,750	355,750
2022	245,000	113,700	358,700
2023	250,000	106,350	356,350
2024-2028	1,365,000	414,900	1,779,900
2029-2033	1,585,000	196,950	1,781,950
2034	<u>345,000</u>	<u>10,350</u>	<u>355,350</u>
Total	<u>\$ 4,440,000</u>	<u>\$1,223,850</u>	<u>\$ 5,663,850</u>

## H. LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for revenue bonds follow:

### Business-type activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	\$ 320,000	\$ 330,645	\$ 650,645
2020	325,000	324,255	649,255
2021	330,000	317,007	647,007
2022	340,000	307,978	647,978
2023	350,000	300,165	650,165
2024-2028	1,900,000	1,341,565	3,241,565
2029-2033	2,250,000	1,000,121	3,250,121
2034-2038	2,690,000	547,363	3,237,363
2039-2041	<u>1,105,000</u>	<u>74,400</u>	<u>1,179,400</u>
Total	<u>\$ 9,610,000</u>	<u>\$4,543,499</u>	<u>\$14,153,499</u>

### Student union and dormitory revenue bond disclosures

Statement of revenue, expenditures, and changes in net position of the student housing fund is on page twenty two.

Balance sheet of student housing is on page twenty one.

The number of student housing users at the first and last day of classes during the fiscal year was 271 and 270, respectively.

Insurance coverage is carried on all dormitory buildings in the amount of \$16,559,379 with Fee Insurance Group. The policy renews on July 1, 2018. The dormitory buildings are part of the College's blanket policy. Premiums paid for the blanket policy were \$182,263. The approximate premium for the dormitory buildings is \$16,510.

Rate covenants set forth in Section 802 of the bond resolution require debt service coverage ratio of not less than 125%. The College met the rate covenant ratio requirements set forth in Section 802.

The issuer complied with the arbitrage rebate covenants as set forth in the federal tax certificate.

The issuer complied with the continuing disclosure covenants set forth in Section 1301.

## I. OPERATING LEASES

The College is obligated under certain leases accounted for as operating leases for the rental of copy machines, a postage machine, communication equipment, vehicles and building. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as capital assets. Rental expenditures during the year for these operating leases were \$36,879. Future minimum rental payments required under operating leases that have an initial lease term in excess of one year as of June 30, 2018 is \$30,950 due in fiscal year ending June 30, 2019.

I. OPERATING LEASES (CONTINUED)

Operating Sub-lease – Dodge City Community College Foundation

On October 15, 2014, the College entered into a sub-lease agreement with the Dodge City Community College Foundation in connection with financing the construction of a community events center and recreational facility for the benefit of the College students. The original term of the lease shall terminate on January 15, 2024. The lease may be extended for extended terms, solely at the option of the lessee, in each of the lessee's fiscal years, provided that at the time of any such extension the remaining lease term shall not exceed ten years and, provided further, that the final extended term shall not exceed beyond July 15, 2030.

Future minimum rental payments due to the Foundation under the original term are as follows:

Year ended June 30,

2019	\$ 371,770
2020	370,320
2021	372,370
2022	374,120
2023	370,645
Thereafter	<u>371,945</u>
Total	<u>\$2,231,170</u>

J. INTERFUND TRANSFERS

The following is a summary of operating transfers made during the year:

<u>Transfer from</u>		<u>Transfer to</u>
General	\$ 1,500,000	Vocational Education
RSVP Grant	1,753	RSVP Reserve
Federal Work Study	1,689	Federal SEOG
Federal SEOG	<u>5,959</u>	Federal Work Study
Total operating	<u>\$ 1,509,401</u>	

A summary of transfers to and from component unit follows:

<u>Transfer from</u>		<u>Transfer to</u>
DCCC Foundation	\$ 20,800	DCCC Scholarship Fund
DCCC Foundation	37,000	Divisional Scholarship Fund
DCCC Foundation	<u>45,000</u>	Nelson Rodeo Fund
Total component unit	<u>\$ 102,800</u>	

#### K. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at June 30, 2018:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 6,132	General Fund	RSVP Grant
9,454	General Fund	LSAMP Grant
637	General Fund	Nursing Initiative Grant
13,914	General Fund	NIH Kansas Bridges
422	General Fund	Federal Work Study
<u>1,147</u>	General Fund	KU ICCAE
<u>\$ 31,706</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received.

#### L. DEFINED CONTRIBUTION PLAN

The employees of the College may participate in the Dodge City Community College Defined Contribution Retirement Plan adopted under the provisions of Internal Revenue Code Section 403(b). Employees become eligible after one year of service.

The defined contribution plan is administered by Dodge City Community College and is available to all eligible employees of the College. Under the plan, employees may elect to contribute a whole dollar amount out of their salaries with the employer matching 100% of the contribution up to \$1,500 per year and avoid paying taxes on the contributed portion until the withdrawal date. All eligible employees are immediately vested. The defined contribution amount is available for withdrawal by employees upon termination, retirement, death, or unforeseeable emergency. For the year ended June 30, 2018, the College made total contributions of \$88,515 and the employees contributed \$122,605 to the defined contribution plan.

#### M. VOLUNTARY EARLY RETIREMENT PLAN

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 15 years of service with the College, must meet the KPERS Early Retirement Qualification of 85 points (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits will end after five years or when the retiree reaches age 65, whichever occurs first.

The future commitment for the voluntary early retirement plan is as follows:

<u>Year ended June 30,</u>	
2019	\$ 29,555
2020	<u>7,291</u>
	<u>\$ 36,846</u>

## N. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The College purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The College has a medical self-insurance program to finance its uninsured risks of loss for medical insurance claims of College employees and their covered dependents, and to minimize the total costs of annual insurance to the College.

### Medical self-insurance

The College currently reports all of its medical self-insurance activities in the Medical Benefit Plan Fund. The self-insurance program is handled by an outside administrator who determines claims to be paid by the College. A stop loss insurance policy is purchased by the College to cover claims above \$35,000 per employee. Liability for unpaid claims is estimated based upon fiscal year claims paid after year-end. Changes in the claims liability for the current and prior fiscal years have been as follows:

	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
FY 2017	\$ 129,396	\$ 1,873,986	\$ 1,657,246	\$346,136
FY 2018	346,136	1,402,341	1,474,434	274,043

## O. GOVERNMENTAL FUND BALANCES

	<u>General fund</u>	<u>Major Special revenue funds</u>		<u>Capital project fund</u>	<u>Permanent fund</u>	<u>Other funds</u>
		<u>Vocational Education</u>	<u>DCCC Foundation</u>	<u>GO Bonds</u>	<u>Academic Improvement</u>	
Fund balances:						
Non-spendable:						
Endowed	\$ -	\$ -	\$ 1,656,713	\$ -	\$ 59,623	\$ -
Restricted for:						
Institutional support grants	-	-	-	-	-	18,761
Instruction grants	-	-	-	-	-	8,564
Community service grants	-	-	-	-	-	7,382
Construction	-	-	-	530,547	-	-
Scholarships and student grants	-	-	965,401	-	-	186,066
Assigned to:						
Vocational education	-	469,493	-	-	-	-
Adult education	-	-	-	-	-	179,314
Child care	-	-	-	-	-	92,032
Designated for subsequent years expenditure	2,990,074	-	-	-	-	-
Encumbrances	31,771	-	-	-	-	-
Other capital expenditures	-	-	-	-	-	73,307
Other purposes	-	-	-	-	-	137,394
Unassigned	<u>7,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,570)</u>
Total	<u>\$ 3,029,415</u>	<u>\$ 469,493</u>	<u>\$ 2,622,114</u>	<u>\$ 530,547</u>	<u>\$ 59,623</u>	<u>\$ 695,250</u>

## P. CONTINGENCIES

The College receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the College at June 30, 2018.

P. CONTINGENCIES (CONTINUED)

On July 10, 2017, the College and specified current and former employees of the College were served with a Grand Jury Subpoena issued by the U.S. District Court for the District of Arizona. The Grand Jury Subpoena identified numerous documents to be produced primarily related to the College's business relationship with a private corporation, the College's flight program and benefits paid to or on behalf of students through the U.S. Department of Veterans Affairs. The College is cooperating fully in responding to the Grand Jury Subpoena.

Q. POSTEMPLOYMENT HEALTHCARE PLAN

*Plan Description:* The Dodge City Community College Medical Benefit Plan is a single-employer defined benefit healthcare plan administered by the College. The College sponsors medical, prescription drug and dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance with stop-loss coverage. Qualifying retirees are those employees who retire with immediate benefits under the Kansas Public Employees Retirement System. The College does not issue separate financial statements for the Medical Benefit Plan.

*Funding of Benefits:* The contribution requirements of the plan members and the College are established and may be amended by the College. Plan members retiring with at least 15 years' service have a portion of their blended premium paid by the College until age 65. Otherwise, retirees must pay the full blended premium to maintain coverage. Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate. The employer contribution is paid from general operating assets of the College.

*Plan Membership:* As of July 1, 2017 the plan membership data consisted of 154 active employees and 7 retirees.

*Changes in OPEB Liability:* Changes in the College's OPEB liability are as follows:

Net OPEB liability (GASB 45) End of Year 2017	\$ 3,967,417
Increase in liability	<u>354,164</u>
Net OPEB liability (GASB 75) Beginning of 2018	<u>4,321,581</u>
Service cost	451,132
Interest cost	161,167
Changes in assumptions and inputs	378,569
Employer contributions	<u>(65,000)</u>
Increase in net OPEB obligation	<u>925,868</u>
Net OPEB obligation - end of year	<u>\$ 5,247,449</u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:* The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate:

Q. POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

	<u>1% Decrease</u> <u>2.30%</u>	Current Single Discount Rate Assumption <u>3.30%</u>	<u>1% Increase</u> <u>4.30%</u>
Total OPEB Liability	\$6,283,587	\$5,247,449	\$4,437,593
Increase/(Decrease) from Baseline	1,036,138		(809,856)

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:*  
The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower (5.50% decreasing to 3.50%) and 1-percentage-point higher (7.50% decreasing to 5.50%) than the current healthcare cost trend rates:

	<u>1% Decrease</u>	Current Trend Assumption	<u>1% Increase</u>
Total OPEB Liability	\$4,289,412	\$5,247,449	\$6,526,420
Increase/(Decrease) from Baseline	(958,037)		1,278,971

*Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB:*  
At June 30, 2018, the College reported deferred outflows of resources related to OPEB from the following sources:

Changes in assumptions and inputs	<u>\$ 345,067</u>
-----------------------------------	-------------------

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended June 30,

2019	\$ 33,502
2020	33,502
2021	33,502
2022	33,502
2023	33,502
Thereafter	<u>177,557</u>
Total	<u>\$ 345,067</u>

Average expected remaining service life: 11.3 years

## Q. POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

*Actuarial Assumptions:* The total OPEB liability was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2018, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal – level percent-of-pay
Salary increases	2.5%
Discount rate	3.3% (measurement date) 3.4% (year preceding measurement date)
Healthcare cost trend rates	6.5% per year graded down to an ultimate rate of 4.5% per year
Mortality	RPH-2014 adjusted to 2006 Total Data Headcount weighted Mortality table with MP-2017 Full Generational Improvement

The following changed in actuarial assumptions have been made since the prior measurement date:

- The retirement and turnover assumptions were updated on the latest available statistics from the KPERS pension valuation.
- The assumed mortality was changed to the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.
- The discount rate was changed from 3.5% (GASB 45) to 3.4% (beginning-of-year) in accordance with GASB 75.
- The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal-Level % of Pay. The assumed salary scale is 2.5% per year.
- All future retiring employees will elect the High Deductible Plan.
- All future retiring employees of future retiring employees with a covered spouse was lowered from 40% to 30%.
- The per capita costs, trend rates, and retiree premium contribution rates are updated as part of the actuarial evaluation. These updates produced lower than expected present value costs.

## R. DEFINED BENEFIT PENSION PLAN

*Plan Description:* The College contributes to the Kansas Public Employees Retirement System which is a cost sharing multiple-employer defined-benefit pension plan. The Kansas Public Employees Retirement System (KPERS, or the System) is a body corporate and an instrumentality of the State of Kansas. KPERS is the administrator of a cost-sharing multiple-employer defined-benefit pension plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. KPERS financial statements are included in its Comprehensive Annual Financial Report which can be found on the System's website at [www.kpers.org](http://www.kpers.org). Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

*Benefits:* Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 32 years of service).



## R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

For the year ended June 30, 2018, the College's total payroll for all employees was \$11,508,955. Total covered payroll was \$10,095,525. Covered payroll refers to all compensation paid by the College to active employees covered by the Plan.

*Contributions:* Member contribution rates are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2018.

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
State employees	10.77%	10.81%
School employees	16.03	10.81
State/School employees (combined rate) *	14.89	10.81
Local government employees	8.46	8.46
Police and Firemen	19.03	19.03
Judges	21.36	21.36

\* The State/School subgroups are combined into one group for purposes of determining a contribution rate.

## R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Member contribution rates as a percentage of eligible compensation in fiscal year 2018 are 6.00% for Public employees, 7.15% for Police and Firemen, and 2.00% or 6.00% for Judges.

*Special Funding Situation:* The employer contributions for non-public school district schools, as defined in K.S.A. 74-4913 (2) and (4), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, area vocational-technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System.

Since the College does not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in their financial statements. The notes to their financial statements must disclose the portion of the College's total proportionate share of the collective net pension liability that is associated with the College. In addition, the College must recognize the pension expense contributed by the State of Kansas as well as revenue in an amount equal to the College's total proportionate share of the collective pension expense associated with the College.

*Pension Liabilities:* At June 30, 2018 and 2017, the proportionate share of the net pension liability reported by the State attributable to the College was \$15,341,965 and \$15,727,234. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Pension Expense:* At June 30, 2018 and 2017, the State of Kansas contributed \$1,587,521 and \$1,494,829. The payments made by the State of Kansas have been recognized as revenues and expenses in the Statement of Activities.

*Actuarial Assumptions:* The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Inflation	2.75 percent
Salary increases	3.50 to 12.00 percent, including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustment based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2016 valuation was based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

## R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	June 30, 2017	
	Long-term target allocation	Long-term expected real rate of return
Global equity	47.00%	6.80%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

*Discount Rate:* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2017 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 S Sub. For Sub. HB 2052 delayed \$64.1 million in Fiscal Year State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan.

## R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

*Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:* The following tables present the net pension liability of the Pension Plan as of June 30, 2017, calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>Discount rate</u>	<u>College's proportionate share of net pension liability</u>
1% decrease	6.75%	\$ 514,899
Current discount rate	7.75%	386,206
1% increase	8.75%	277,614

## S. PRIOR PERIOD ADJUSTMENT

GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The College implemented this standard for the year ended June 30, 2018. The statement required a retroactive implementation for the financial statements for the OPEB liability, but not for deferred inflows, outflows, or the Management's Discussion & Analysis. The effect to the beginning net position was \$354,164.

Net position June 30, 2017	\$ 17,105,192
Restatement due to GASB 75	<u>(354,164)</u>
Net position restated at June 30, 2017	<u>\$ 16,751,028</u>

## T. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 2, 2019, which is the date the financial statements were available to be issued. Management's evaluation concluded there are no subsequent events that are required to be recognized or disclosed in these financial statements.

## U. SEGMENT INFORMATION

The College has four enterprise funds. The Bookstore Fund operates the College bookstore. The Food Service Fund provides the food service program for eligible students and also for special events. The Student Housing Fund operates the five dormitories available for students. The Student Union Operations Fund operates the student government office. Financial information for each enterprise fund is presented in the Statement of Net Position, the Statement of Revenue, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows for proprietary funds.

## **SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

June 30, 2018

	Nonmajor special revenue funds	Capital project funds	Permanent fund Academic improvement	Total nonmajor governmental funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>ASSETS</u>				
Cash	\$ 921,360	\$ -	\$ -	\$ 921,360
Property taxes receivable	21,073	-	-	21,073
Due from other governments	62,190	-	-	62,190
Restricted cash	-	565,241	59,623	624,864
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,004,623</u>	<u>\$ 565,241</u>	<u>\$ 59,623</u>	<u>\$ 1,629,487</u>
<u>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Due to other funds	\$ 31,706	\$ -	\$ -	\$ 31,706
Accounts payable	61,799	34,694	-	96,493
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>93,505</u>	<u>34,694</u>	<u>-</u>	<u>128,199</u>
Deferred inflows of resources:				
Property taxes	215,868	-	-	215,868
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances:				
Nonspendable	-	-	59,623	59,623
Restricted	220,773	530,547	-	751,320
Assigned	482,047	-	-	482,047
Unassigned	(7,570)	-	-	(7,570)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>695,250</u>	<u>530,547</u>	<u>59,623</u>	<u>1,285,420</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,004,623</u>	<u>\$ 565,241</u>	<u>\$ 59,623</u>	<u>\$ 1,629,487</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

June 30, 2018

	Adult supplementary education	Adult basic education	Capital outlay	Adult basic education United Way
<u>ASSETS</u>				
Cash	\$ 11,652	\$ 165,833	\$ 268,102	\$ 29,489
Property taxes receivable	-	-	21,073	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 11,652</u>	<u>\$ 165,833</u>	<u>\$ 289,175</u>	<u>\$ 29,489</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	27,565	-	95
Total liabilities	-	27,565	-	95
Deferred inflows of resources:				
Property taxes	-	-	215,868	-
Fund balances:				
Restricted	-	-	-	-
Assigned	11,652	138,268	73,307	29,394
Unassigned	-	-	-	-
Total fund balances	11,652	138,268	73,307	29,394
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,652</u>	<u>\$ 165,833</u>	<u>\$ 289,175</u>	<u>\$ 29,489</u>



<u>DCCC child development center</u>	<u>DCCC scholarship award program</u>	<u>Divisional scholarship</u>	<u>Financial aid administration</u>	<u>Special revenue activity accounts</u>	<u>Kit Walker Ashland scholarship</u>
\$ 93,723	\$ 904	\$ 153,931	\$ 28,552	\$ 92,412	\$ 8,718
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 93,723</u>	<u>\$ 904</u>	<u>\$ 153,931</u>	<u>\$ 28,552</u>	<u>\$ 92,412</u>	<u>\$ 8,718</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,691	-	-	205	-	-
<u>1,691</u>	<u>-</u>	<u>-</u>	<u>205</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	904	153,931	-	-	8,718
92,032	-	-	28,347	92,412	-
-	-	-	-	-	-
<u>92,032</u>	<u>904</u>	<u>153,931</u>	<u>28,347</u>	<u>92,412</u>	<u>8,718</u>
<u>\$ 93,723</u>	<u>\$ 904</u>	<u>\$ 153,931</u>	<u>\$ 28,552</u>	<u>\$ 92,412</u>	<u>\$ 8,718</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

June 30, 2018

	RSVP grants	RSVP reserve	Home food program	DCCC foundation capital campaign
<u>ASSETS</u>				
Cash	\$ -	\$ 14,152	\$ 1,595	\$ 2,483
Property taxes receivable	-	-	-	-
Due from other governments	-	-	35,875	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ 14,152</u>	<u>\$ 37,470</u>	<u>\$ 2,483</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ 6,132	\$ -	\$ -	\$ -
Accounts payable	1,016	-	30,088	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>7,148</u>	<u>-</u>	<u>30,088</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Restricted	-	-	7,382	-
Assigned	-	14,152	-	2,483
Unassigned	(7,148)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>(7,148)</u>	<u>14,152</u>	<u>7,382</u>	<u>2,483</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 14,152</u>	<u>\$ 37,470</u>	<u>\$ 2,483</u>

LSAMP grant	Nursing initiative grants	NIH Kansas bridges grants	Federal family educational loan	Federal work study grants
\$ -	\$ -	\$ -	\$ 1,339	\$ -
-	-	-	-	-
9,454	1,800	13,914	-	-
\$ 9,454	\$ 1,800	\$ 13,914	\$ 1,339	\$ -

\$ 9,454	\$ 637	\$ 13,914	\$ -	\$ 422
-	1,139	-	-	-
9,454	1,776	13,914	-	422
-	-	-	-	-
-	24	-	1,339	-
-	-	-	-	-
-	-	-	-	(422)
-	24	-	1,339	(422)
\$ 9,454	\$ 1,800	\$ 13,914	\$ 1,339	\$ -

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

June 30, 2018

	GED accelerator	High school equivalency program grant	Workforce aid grant	Dollar Tree ABE grant
<u>ASSETS</u>				
Cash	\$ 6,593	\$ 9,888	\$ 8,540	\$ 8,873
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 6,593</u>	<u>\$ 9,888</u>	<u>\$ 8,540</u>	<u>\$ 8,873</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Total liabilities	-	-	-	-
Deferred inflows of resources:				
Property taxes	-	-	-	-
Fund balances:				
Restricted	6,593	9,888	8,540	8,873
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>6,593</u>	<u>9,888</u>	<u>8,540</u>	<u>8,873</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,593</u>	<u>\$ 9,888</u>	<u>\$ 8,540</u>	<u>\$ 8,873</u>

Goals partners 4 success	Nelson rodeo	KU ICCAE	Total nonmajor special revenue funds
\$ 3,095	\$ 11,486	\$ -	\$ 921,360
-	-	-	21,073
-	-	1,147	62,190
<u>\$ 3,095</u>	<u>\$ 11,486</u>	<u>\$ 1,147</u>	<u>\$ 1,004,623</u>
\$ -	\$ -	\$ 1,147	\$ 31,706
-	-	-	61,799
<u>-</u>	<u>-</u>	<u>1,147</u>	<u>93,505</u>
-	-	-	215,868
3,095	11,486	-	220,773
-	-	-	482,047
-	-	-	(7,570)
<u>3,095</u>	<u>11,486</u>	<u>-</u>	<u>695,250</u>
<u>\$ 3,095</u>	<u>\$ 11,486</u>	<u>\$ 1,147</u>	<u>\$ 1,004,623</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

June 30, 2018

	Certificates of participation series 2018	Certificates of participation series 2013	Capital outlay GO bond deferred maintenance	Total nonmajor capital projects funds
<u>ASSETS</u>				
Restricted cash	<u>\$ 536,610</u>	<u>\$ 23,847</u>	<u>\$ 4,784</u>	<u>\$ 565,241</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 34,694	\$ -	\$ -	\$ 34,694
Fund balances:				
Restricted	<u>501,916</u>	<u>23,847</u>	<u>4,784</u>	<u>530,547</u>
Total liabilities and fund	<u>\$ 536,610</u>	<u>\$ 23,847</u>	<u>\$ 4,784</u>	<u>\$ 565,241</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2018

	Nonmajor special revenue funds	Capital project funds	Permanent fund Academic improvement	Total nonmajor governmental funds
Revenue:				
Student fees	\$ 600,000	\$ -	\$ -	\$ 600,000
Charges for services	265,624	-	-	265,624
Local support	723,407	-	-	723,407
State support	93,529	-	-	93,529
Federal support	5,308,134	-	-	5,308,134
Private support and gifts	402,992	-	-	402,992
Investment earnings	1	206	889	1,096
Miscellaneous	151,337	-	-	151,337
Total revenue	7,545,024	206	889	7,546,119
Expenditures:				
Education and general:				
Institutional support	1,201,573	-	-	1,201,573
Instruction	252,861	-	-	252,861
Scholarships and grants	4,661,777	-	-	4,661,777
Community service	689,243	-	-	689,243
Capital outlay	372,948	68,084	-	441,032
Debt service:				
Principal	230,000	-	-	230,000
Interest	24,200	-	-	24,200
Total expenditures	7,432,602	68,084	-	7,500,686
Excess (deficiency) of revenue over expenditures	112,422	(67,878)	889	45,433
Other financing sources (uses):				
Debt issue proceeds	-	570,000	-	570,000
Transfers in	112,201	-	-	112,201
Transfers out	(9,401)	-	-	(9,401)
Total other financing sources and uses	102,800	570,000	-	672,800
Net change in fund balances	215,222	502,122	889	718,233
Fund balances, beginning of year	480,028	28,425	58,734	567,187
Fund balances, end of year	\$ 695,250	\$ 530,547	\$ 59,623	\$ 1,285,420

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Year ended June 30, 2018

	Adult supplementary education	Adult basic education	Capital outlay	Adult basic education United Way
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Charges for services	-	16,176	-	-
Local support	-	56,848	666,559	-
State support	-	69,938	-	-
Federal support	-	138,760	-	-
Private support and gifts	-	-	-	16,505
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	-	281,722	666,559	16,505
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Education and general:				
Institutional support	-	120,149	-	-
Instruction	-	165,583	-	3,181
Scholarships and grants	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	372,159	-
Debt service:				
Principal	-	-	230,000	-
Interest and fees	-	-	24,200	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	285,732	626,359	3,181
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	-	(4,010)	40,200	13,324
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	(4,010)	40,200	13,324
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	11,652	142,278	33,107	16,070
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ 11,652	\$ 138,268	\$ 73,307	\$ 29,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



DCCC child development center	DCCC scholarship award program	Divisional scholarship	Financial aid administration
\$ -	\$ -	\$ 600,000	\$ -
224,687	-	13,721	-
-	-	-	-
-	-	-	-
15,121	-	-	-
-	172,131	170,574	-
-	-	-	-
-	-	-	6,304
<u>239,808</u>	<u>172,131</u>	<u>784,295</u>	<u>6,304</u>
-	-	-	3,991
-	-	-	-
-	194,801	680,301	-
227,196	-	-	-
-	-	-	-
-	-	-	-
<u>227,196</u>	<u>194,801</u>	<u>680,301</u>	<u>3,991</u>
<u>12,612</u>	<u>(22,670)</u>	<u>103,994</u>	<u>2,313</u>
-	20,800	37,000	-
-	-	-	-
-	20,800	37,000	-
12,612	(1,870)	140,994	2,313
<u>79,420</u>	<u>2,774</u>	<u>12,937</u>	<u>26,034</u>
<u>\$ 92,032</u>	<u>\$ 904</u>	<u>\$ 153,931</u>	<u>\$ 28,347</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended June 30, 2018

	Special revenue activity accounts	Kit Walker Ashland scholarship	RSVP grants	RSVP reserve
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Charges for services	11,040	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	-	-	40,000	-
Private support and gifts	-	5,000	24,755	-
Investment earnings	-	-	-	-
Miscellaneous	145,033	-	-	-
	<u>156,073</u>	<u>5,000</u>	<u>64,755</u>	<u>-</u>
Total revenue	<u>156,073</u>	<u>5,000</u>	<u>64,755</u>	<u>-</u>
Expenditures:				
Education and general:				
Institutional support	142,742	-	83,424	(47)
Instruction	-	-	-	-
Scholarships and grants	-	4,263	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<u>142,742</u>	<u>4,263</u>	<u>83,424</u>	<u>(47)</u>
Total expenditures	<u>142,742</u>	<u>4,263</u>	<u>83,424</u>	<u>(47)</u>
Excess (deficiency) of revenue over expenditures	<u>13,331</u>	<u>737</u>	<u>(18,669)</u>	<u>47</u>
Other financing sources (uses):				
Transfers in	-	-	-	1,753
Transfers out	-	-	(1,753)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(1,753)</u>	<u>1,753</u>
Net change in fund balances	13,331	737	(20,422)	1,800
Fund balances (deficits), beginning of year	<u>79,081</u>	<u>7,981</u>	<u>13,274</u>	<u>12,352</u>
Fund balances (deficits), end of year	<u>\$ 92,412</u>	<u>\$ 8,718</u>	<u>\$ (7,148)</u>	<u>\$ 14,152</u>

Home food program	DCCC foundation capital campaign	Nursing initiative grants	NIH Kansas bridges grants
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	9,000	-
462,224	-	-	42,480
-	450	-	-
-	1	-	-
-	-	-	-
<u>462,224</u>	<u>451</u>	<u>9,000</u>	<u>42,480</u>
-	-	-	42,480
-	-	9,000	-
-	-	-	-
462,047	-	-	-
-	789	-	-
-	-	-	-
-	-	-	-
<u>462,047</u>	<u>789</u>	<u>9,000</u>	<u>42,480</u>
<u>177</u>	<u>(338)</u>	<u>-</u>	<u>-</u>
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
177	(338)	-	-
<u>7,205</u>	<u>2,821</u>	<u>24</u>	<u>-</u>
<u>\$ 7,382</u>	<u>\$ 2,483</u>	<u>\$ 24</u>	<u>\$ -</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended June 30, 2018

	Federal PELL grants	Federal family educational loan	Federal SEOG grants	Federal work study grants
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	2,439,719	-	101,117	55,824
Private support and gifts	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	<u>2,439,719</u>	<u>-</u>	<u>101,117</u>	<u>55,824</u>
Expenditures:				
Education and general:				
Institutional support	-	-	5,904	60,516
Instruction	-	-	-	-
Scholarships and grants	2,439,719	-	90,943	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	<u>2,439,719</u>	<u>-</u>	<u>96,847</u>	<u>60,516</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>-</u>	<u>4,270</u>	<u>(4,692)</u>
Other financing sources (uses):				
Transfers in	-	-	1,689	5,959
Transfers out	-	-	(5,959)	(1,689)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(4,270)</u>	<u>4,270</u>
Net change in fund balances	-	-	-	(422)
Fund balances (deficits), beginning of year	<u>-</u>	<u>1,339</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ 1,339</u>	<u>\$ -</u>	<u>\$ (422)</u>

Federal direct loan	Student support services	GED accelerator	High school equivalency program grant	Workforce aid grant
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	2,591	12,000	-
1,251,750	259,058	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,251,750	259,058	2,591	12,000	-
-	259,058	-	-	-
-	-	-	10,252	-
1,251,750	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,251,750	259,058	-	10,252	-
-	-	2,591	1,748	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	2,591	1,748	-
-	-	4,002	8,140	8,540
\$ -	\$ -	\$ 6,593	\$ 9,888	\$ 8,540

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended June 30, 2018

	International rescue grant	Dollar Tree ABE grant	LSAMP grant
Revenue:			
Student fees	\$ -	\$ -	\$ -
Charges for services	-	-	-
Local support	-	-	-
State support	-	-	-
Federal support	-	-	60,639
Private support and gifts	3,577	10,000	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
	<u>3,577</u>	<u>10,000</u>	<u>60,639</u>
Total revenue	<u>3,577</u>	<u>10,000</u>	<u>60,639</u>
Expenditures:			
Education and general:			
Institutional support	-	9,972	-
Instruction	4,206	-	60,639
Scholarships and grants	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
	<u>4,206</u>	<u>9,972</u>	<u>60,639</u>
Total expenditures	<u>4,206</u>	<u>9,972</u>	<u>60,639</u>
Excess (deficiency) of revenue over expenditures	<u>(629)</u>	<u>28</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(629)	28	-
Fund balances (deficits), beginning of year	<u>629</u>	<u>8,845</u>	<u>-</u>
Fund balances (deficits), end of year	<u><u>\$ -</u></u>	<u><u>\$ 8,873</u></u>	<u><u>\$ -</u></u>

Title V	Goals partners 4 success	Nelson rodeo	KU ICCAE	Total nonmajor special revenue funds
\$ -	\$ -	\$ -	\$ -	\$ 600,000
-	-	-	-	265,624
-	-	-	-	723,407
-	-	-	-	93,529
428,137	2,518	-	10,787	5,308,134
-	-	-	-	402,992
-	-	-	-	1
-	-	-	-	151,337
<u>428,137</u>	<u>2,518</u>	<u>-</u>	<u>10,787</u>	<u>7,545,024</u>
428,137	946	33,514	10,787	1,201,573
-	-	-	-	252,861
-	-	-	-	4,661,777
-	-	-	-	689,243
-	-	-	-	372,948
-	-	-	-	230,000
-	-	-	-	24,200
<u>428,137</u>	<u>946</u>	<u>33,514</u>	<u>10,787</u>	<u>7,432,602</u>
<u>-</u>	<u>1,572</u>	<u>(33,514)</u>	<u>-</u>	<u>112,422</u>
-	-	45,000	-	112,201
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,401)</u>
<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>102,800</u>
-	1,572	11,486	-	215,222
<u>-</u>	<u>1,523</u>	<u>-</u>	<u>-</u>	<u>480,028</u>
<u>\$ -</u>	<u>\$ 3,095</u>	<u>\$ 11,486</u>	<u>\$ -</u>	<u>\$ 695,250</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

Year ended June 30, 2018

	Certificates of participation series 2018	Certificates of participation series 2013	Capital outlay GO bond deferred maintenance	Total nonmajor capital projects funds
Revenue:				
Investment earnings	\$ -	\$ 206	\$ -	\$ 206
Expenditures:				
Education and general:				
Capital outlay	<u>68,084</u>	<u>-</u>	<u>-</u>	<u>68,084</u>
Excess (deficiency) of revenue over expenditures	(68,084)	206	-	(67,878)
Other financing sources (uses):				
Debt issue proceeds	<u>570,000</u>	<u>-</u>	<u>-</u>	<u>570,000</u>
Net change in fund balances	501,916	206	-	502,122
Fund balances, beginning of year	<u>-</u>	<u>23,641</u>	<u>4,784</u>	<u>28,425</u>
Fund balances end of year	<u><u>\$ 501,916</u></u>	<u><u>\$ 23,847</u></u>	<u><u>\$ 4,784</u></u>	<u><u>\$ 530,547</u></u>



**DODGE CITY COMMUNITY COLLEGE****STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS**

June 30, 2018

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 346,468	\$ 62,093
Inventories	150,197	-
Total assets	<u>\$ 496,665</u>	<u>\$ 62,093</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 1,129	\$ 1,340
<u>NET POSITION</u>		
Unrestricted	<u>495,536</u>	<u>60,753</u>
Total liabilities and net position	<u>\$ 496,665</u>	<u>\$ 62,093</u>

Business-type activities	
Enterprise funds	
Student union operations	Total
\$ 20,033	\$ 428,594
-	150,197
<u>\$ 20,033</u>	<u>\$ 578,791</u>
\$ 2,272	\$ 4,741
<u>17,761</u>	<u>574,050</u>
<u>\$ 20,033</u>	<u>\$ 578,791</u>

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR PROPRIETARY FUNDS

Year ended June 30, 2018

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Operating revenue:		
Charges for services	\$ 608,373	\$ 760,603
Operating expenses:		
Personal services	104,754	-
Contractual services	12,042	738,695
Repairs and maintenance	9,348	3,887
Other supplies and expenses	487,773	1,965
Capital outlay	1,705	1,615
Total operating expenses	615,622	746,162
Operating income (loss)	(7,249)	14,441
Nonoperating revenue (expense):		
Interest and investment revenue	465	-
Donations	-	-
Total nonoperating revenue (expense)	465	-
Change in net position	(6,784)	14,441
Total net position, beginning of year	502,320	46,312
Total net position, end of year	\$ 495,536	\$ 60,753

Business-type activities	
Enterprise funds	
Student union operations	Total
<u>\$ 60,195</u>	<u>\$ 1,429,171</u>
-	104,754
52,410	803,147
-	13,235
90	489,828
<u>-</u>	<u>3,320</u>
<u>52,500</u>	<u>1,414,284</u>
<u>7,695</u>	<u>14,887</u>
-	465
<u>5,000</u>	<u>5,000</u>
<u>5,000</u>	<u>5,465</u>
12,695	20,352
<u>5,066</u>	<u>553,698</u>
<u><u>\$ 17,761</u></u>	<u><u>\$ 574,050</u></u>

# DODGE CITY COMMUNITY COLLEGE

## STATEMENT OF CASH FLOWS NONMAJOR PROPRIETARY FUNDS

Year ended June 30, 2018

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Cash flows from operating activities:		
Receipts from customers	\$ 608,373	\$ 760,603
Payments for goods and services	(553,186)	(746,547)
Payments to employees	(104,754)	-
Net cash provided (used) by operating activities	(49,567)	14,056
Cash flows from noncapital financing activities:		
Private gifts received	-	-
Cash flows from investing activities:		
Interest and dividends	465	-
Net increase (decrease) in cash and cash equivalents	(49,102)	14,056
Balances, beginning of year	395,570	48,037
Balances, end of year	\$ 346,468	\$ 62,093
Cash and cash equivalents	\$ 346,468	\$ 62,093
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (7,249)	\$ 14,441
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Inventories	(42,743)	-
Accounts and other payables	425	(385)
Net cash provided (used) by operating activities	\$ (49,567)	\$ 14,056

Business-type activities	
Enterprise funds	
Student union operations	Total
\$ 60,195	\$ 1,429,171
(52,106)	(1,351,839)
-	(104,754)
8,089	(27,422)
5,000	5,000
-	465
13,089	(21,957)
6,944	450,551
\$ 20,033	\$ 428,594
\$ 20,033	\$ 428,594
\$ 7,695	\$ 14,887
-	(42,743)
394	434
\$ 8,089	\$ (27,422)

**DODGE CITY COMMUNITY COLLEGE****COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS**

June 30, 2018

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 37,637	\$ -	\$ 37,637
Receivables, net	-	152,733	152,733
Inventories	<u>22,703</u>	<u>-</u>	<u>22,703</u>
Total current assets	60,340	152,733	213,073
Noncurrent assets:			
Restricted cash and cash equivalents	<u>-</u>	<u>2,425,479</u>	<u>2,425,479</u>
Total assets	<u>\$ 60,340</u>	<u>\$ 2,578,212</u>	<u>\$ 2,638,552</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 757	\$ -	\$ 757
Medical claims payable	<u>-</u>	<u>274,043</u>	<u>274,043</u>
Total current liabilities	757	274,043	274,800
<u>NET POSITION</u>			
Unrestricted	<u>59,583</u>	<u>2,304,169</u>	<u>2,363,752</u>
Total liabilities and net position	<u>\$ 60,340</u>	<u>\$ 2,578,212</u>	<u>\$ 2,638,552</u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

Year ended June 30, 2018

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
Operating revenue:			
Charges for services	<u>\$ 50,391</u>	<u>\$ 1,446,076</u>	<u>\$ 1,496,467</u>
Operating expenses:			
Contractual services	-	1,481,292	1,481,292
Other supplies and expenses	<u>30,814</u>	<u>-</u>	<u>30,814</u>
Total operating expenses	<u>30,814</u>	<u>1,481,292</u>	<u>1,512,106</u>
Operating income	19,577	(35,216)	(15,639)
Nonoperating revenue:			
Interest and investment revenue	<u>-</u>	<u>10,465</u>	<u>10,465</u>
Change in net position	19,577	(24,751)	(5,174)
Total net position, beginning of year	<u>40,006</u>	<u>2,328,920</u>	<u>2,368,926</u>
Total net position, end of year	<u><u>\$ 59,583</u></u>	<u><u>\$ 2,304,169</u></u>	<u><u>\$ 2,363,752</u></u>



# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

Year ended June 30, 2018

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 50,391	\$ 1,525,028	\$ 1,575,419
Payments for goods and services	<u>(45,087)</u>	<u>(1,553,385)</u>	<u>(1,598,472)</u>
Net cash provided (used) by operating activities	5,304	(28,357)	(23,053)
Cash flows from investing activities:			
Interest and dividends	<u>-</u>	<u>10,465</u>	<u>10,465</u>
Net increase (decrease) in cash and cash equivalents	5,304	(17,892)	(12,588)
Balances, beginning of year	<u>32,333</u>	<u>2,443,371</u>	<u>2,475,704</u>
Balances, end of year	<u><u>\$ 37,637</u></u>	<u><u>\$ 2,425,479</u></u>	<u><u>\$ 2,463,116</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 19,577	\$ (35,216)	\$ (15,639)
Adjustments to reconcile operating income (loss) to to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Receivables, net	-	78,952	78,952
Inventories	(14,586)	-	(14,586)
Accounts and other payables	<u>313</u>	<u>(72,093)</u>	<u>(71,780)</u>
Net cash provided (used) by operating activities	<u><u>\$ 5,304</u></u>	<u><u>\$ (28,357)</u></u>	<u><u>\$ (23,053)</u></u>

# DODGE CITY COMMUNITY COLLEGE

## COMBINING STATEMENT OF FIDUCIARY NET POSITION AGENCY FUNDS

June 30, 2018

	<u>Flexible spending account</u>	<u>Activity accounts</u>	<u>Janney interest free loan</u>	<u>Activity accounts clearing</u>	<u>Helicopter flight fees</u>	<u>Flight clearing account</u>
<u>ASSETS</u>						
Cash and cash equivalents	<u>\$ 9,536</u>	<u>\$ 96,356</u>	<u>\$ 650</u>	<u>\$534,466</u>	<u>\$ 48,973</u>	<u>\$ 1,169,290</u>
<u>LIABILITIES</u>						
Due to others	<u>\$ 9,536</u>	<u>\$ 96,356</u>	<u>\$ 650</u>	<u>\$534,466</u>	<u>\$ 48,973</u>	<u>\$ 1,169,290</u>

<u>Universal Helicopter admin fees</u>	<u>Total agency funds</u>
<u>\$ 454</u>	<u>\$ 1,859,725</u>
<u>\$ 454</u>	<u>\$ 1,859,725</u>

## **APPENDICES**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Dodge City Community College  
Dodge City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Dodge City Community College's basic financial statements and have issued our report thereon dated January 5, 2018. The financial statements of the Dodge City Community College Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Dodge City Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dodge City Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Dodge City Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dodge City Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kennedy McKee & Company LLP*

January 2, 2019

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees  
Dodge City Community College  
Dodge City, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited Dodge City Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Dodge City Community College's major federal programs for the year ended June 30, 2018. Dodge City Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Dodge City Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dodge City Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dodge City Community College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Dodge City Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## Other Matters

The results our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2008-004. Our opinion on each major federal program is not modified with respect to these matters.

Dodge City Community College's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Dodge City Community College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

## Report on Internal Control over Compliance

Management of Dodge City Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dodge City Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dodge City Community College's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002, 2018-003 and 2018-004, which we consider to be significant deficiencies.

Dodge City Community College's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Dodge City Community College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kennedy McKee & Company LLP*  
January 2, 2019



# DODGE CITY COMMUNITY COLLEGE

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2018

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Kansas			
Child and Adult Care Food Program, 2016-17	10.558	SA# JO807	\$ 125,123
Child and Adult Care Food Program, 2017-18	10.558	SA# JO807	352,046
Passed through Garden City Community College:			
Generating Opportunities to Attain Lifelong Success	10.596	EES-2016- E&TPILOT 2017	946
<b>U.S. Department of Defense</b>			
Passed through University of Kansas Center for Research, Inc.			
Kansas Coalition Intelligence Community Center for Academic Excellence	12.598	FY2018-033	10,787
<b>National Science Foundation</b>			
Passed through Kansas State University			
Pathways to STEM: Kansas Louis Stokes Alliance for Minority Participation	47.076	S14099	60,639
<b>U.S. Department of Education</b>			
Direct programs:			
Student Financial Assistance Programs:			
Federal Supplemental Educational Opportunity Grant, 2016-17	84.007	N/A	16,779
Federal Supplemental Educational Opportunity Grant, 2017-18	84.007	N/A	80,068
Federal Work Study Program, 2017-18	84.033	N/A	60,516
Federal Pell Grant Program, 2016-17	84.063	N/A	151,410
Federal Pell Grant Program, 2017-18	84.063	N/A	2,288,309
Federal Direct Student Loans	84.268	N/A	1,270,443
Title V – Connecting to Success 2016-17	84.031S	N/A	90,907
Title V – Connecting to Success 2017-18	84.031S	N/A	337,230
TRIO – Student Support Services 2015-16	84.042A	N/A	11,981
TRIO – Student Support Services 2016-17	84.042A	N/A	37,577
TRIO – Student Support Services 2017-18	84.042A	N/A	209,499
Passed through Kansas Board of Regents:			
Adult Education State Grant Program	84.002	N/A	138,760
Vocational Education – Carl Perkins	84.048	N/A	80,489
<b>U.S. Department of Health and Human Services</b>			
Passed through Kansas State University:			
Kansas Bridges to the Future	93.859	S17028	42,480
<b>Corporation for National Service</b>			
Direct program:			
Retired and Senior Volunteer Program, 2017-18	94.002	N/A	40,000
Total federal awards			<u>\$ 5,405,989</u>

## **DODGE CITY COMMUNITY COLLEGE**

### **NOTES TO SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS**

Year ended June 30, 2018

#### **A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Dodge City Community College under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Dodge City Community College, it is not intended to and does not present the financial position and changes in net position of Dodge City Community College.

#### **B. BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **C. INDIRECT COST RATE**

Dodge City Community College has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

#### **D. AWARDS PASSED-THROUGH TO SUBRECIPIENTS**

Dodge City Community College did not make any awards to subrecipients.

# DODGE CITY COMMUNITY COLLEGE

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2018

### A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Dodge City Community College were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Dodge City Community College, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Four significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Dodge City Community College expresses an unmodified opinion on all major federal programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:

Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grant	CFDA 84.007
Federal Work Study Program	CFDA 84.033
Federal Pell Grant Program	CFDA 84.063
Federal Direct Student Loans	CFDA 84.268
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. Dodge City Community College qualified as a low-risk auditee.

## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2018

#### **B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

None noted

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT**

##### **U.S. DEPARTMENT OF EDUCATION**

##### **SIGNIFICANT DEFICIENCY**

2018-001 Student Financial Aid Cluster – CFDA No. 84.063, 84.268  
Grant period: Year Ended June 30, 2018

*Condition:* We examined 40 of the 755 Title IV aid recipients to verify that information reported on the Enrollment Reporting roster file sent to the National Student Loan Data System (NSLDS) matched the student's academic files and found three instances where students received Title IV aid during a semester but were not added to any of the NSLDS Enrollment Reporting roster files sent during that semester.

*Criteria:* Per the NSLDS Enrollment Reporting Guide, a school should report on all students that NSLDS includes in its request to them on a roster file. Students that schools should add to their roster response include any students who received certain types of Title IV aid at the school, but do not appear on the roster.

*Cause:* College personnel failed to add all students who received Title IV aid, but did not appear on the roster file.

*Effect:* Students could potentially be placed in grace or repayment status when they should be classified as in-school.

*Recommendation:* We recommend that personnel in charge of enrollment reporting be diligent in reviewing the roster file to ensure that all appropriate students are shown and attendance changes are reported in a timely and accurate manner.

*Grantee Response:* Dodge City Community College staff involved in enrollment reporting to the NSLDS has reviewed the NSLDS Reporting Manual to better understand and accurately report the student's enrollment status. This process will be monitored more closely by college staff.

## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2018

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

##### **U.S. DEPARTMENT OF EDUCATION**

##### **SIGNIFICANT DEFICIENCY**

2018-002 Student Financial Aid Cluster – CFDA No. 84.063  
Grant period: Year Ended June 30, 2018

*Condition:* We examined 40 of the 755 Title IV aid recipients for eligibility testing. We noted five instances where the Institutional Student Information Report (ISIR) was not properly updated in the computer system after verification.

*Criteria:* Per 34 CFR 690.62 the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year. These schedules determine a student's Pell Grant based on enrollment status, cost of attendance, and expected family contribution (EFC).

*Cause:* Financial aid personnel failed to update the students' ISIR after receiving the required verification information.

*Effect:* If the ISIRs were updated appropriately they would have resulted in a change of the students' EFC. For three of the students, the change in EFC would not have affected the students eligibility or amount of aid; one student's EFC would have decreased enough to make the student eligible for an additional \$150 Pell Grant; and one student's EFC would have increased enough to make the student eligible for \$87 less Pell Grant. Therefore, one student was under awarded and another student was over awarded their Pell Grant.

*Recommendation:* We recommend that financial aid personnel be diligent in reviewing student files to ensure that the files are complete and awards are within prescribed limits.

*Grantee Response:* We concur with the finding.

Citations: 34 CFR 668.56  
34 CFR 668.57(a)

*Discussion:* Federal regulations cited above require a financial aid office to verify specific elements of reported student data if said student is "selected" for verification by the U.S. Department of Education (ED) Central Processing System (CPS). Verification of financial data is accomplished according to these regulations by collection of a Tax Return Transcript obtained by the student/parent from the Internal Revenue Service (IRS). The data elements required to complete the verification process change with each processing year, as well as the specific location on the Tax Return Transcript of mandatory data for review. The Tax Return Transcript Matrix for the 2017-2018 year was provided to schools in an Electronic Announcement from ED dated May 4, 2016.

## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2018

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

##### **U.S. DEPARTMENT OF EDUCATION**

##### **SIGNIFICANT DEFICIENCY**

2018-002 Student Financial Aid Cluster – CFDA No. 84.063  
Grant period: Year Ended June 30, 2018

In the case of students presented in this finding, financial aid staff used the wrong line on the Tax Return Transcript to verify either “Education Credits” or “Income Taxes Paid” amounts. Amounts were updated on the ISIR in two instances, but using the wrong amount from the Tax Return Transcript.

Corrective Action Plan: Dodge City Community College (The College) will take the following steps to address this issue:

1. The College will provide adequate resources for continual training opportunities for all financial aid staff to ensure that knowledge is updated and current as the college moves through federal financial aid cycles with each subsequent award year. This is critical as regulatory requirements for many processes are changed for each new cycle. Failure to provide ongoing professional development and training for financial aid personnel can lead to misunderstanding and errors such as occurred to create this finding.
2. Pell amounts for all students noted in this finding will be adjusted to reflect correct disbursements of Pell Grant funds for the 2017-2018 award year.
3. All financial aid staff have already attended a webinar presented by the National Association of Financial Aid Administrators (NASFAA) since the audit process occurred for 2017-2018. This webinar was a detailed presentation and discussion of verification requirements associated with the 2019-2020 processing cycle (which began on October 1, 2018.) Financial aid procedures have already been changed to reflect changes to the verification process for the new cycle.

## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2018

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

##### **U.S. DEPARTMENT OF EDUCATION**

##### **SIGNIFICANT DEFICIENCY**

2018-003 Student Financial Aid Cluster – CFDA No. 84.007, 84.063, 84.268  
Grant period: Year Ended June 30, 2018

*Condition:* During the review of the Returns of Title IV funds, it was noted that funds were not always returned by the 45 day requirement, based on dates entered in the Return to Title IV forms.

*Criteria:* Per 34 CFR 668.173(b) Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

*Cause:* The College did not appear to return Title IV funds in a timely manner.

*Effect:* In some cases, students' withdrawal information is not communicated in a timely manner to personnel in charge of Returns of Title IV funds. In other instances, it appeared submissions may have been dated incorrectly and the Returns of Title IV funds were actually made timely if not for the clerical error.

*Recommendation:* We recommend that personnel in charge of the Returns of Title IV funds be diligent in determining student withdrawal dates and timely return unearned Title IV aid.

*Grantee Response:* We concur that funds were not returned in a timely manner in the case of students who officially withdrew from The College, but the Financial Aid Office was not notified of the withdrawal.

We do not concur that funds were not returned in a timely manner for the remainder of students for whom a Return to Title IV calculation was done.

Citations: 34 CFR 668.22  
34 CFR 668.22(J)(3)

*Discussion:* Financial aid compliance with regulations and mandatory processes is totally dependent upon an internal system of communication between all stakeholders and repositories of data/information within The School. If such communication does not exist or breaks down, it is not possible to perform all tasks and functions in a timely manner to keep The College in compliance. This type of communication failure is the root cause of any true lack of timely return of funds under the Return to Title IV finding.

## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2018

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

##### **U.S. DEPARTMENT OF EDUCATION**

##### **SIGNIFICANT DEFICIENCY**

2018-003 Student Financial Aid Cluster – CFDA No. 84.007, 84.063, 84.268  
Grant period: Year Ended June 30, 2018

Federal regulations also mandate a clear distinction between the “date of withdrawal” and the “date of determination that a student has withdrawn.” These dates are used for very different purposes within the Return to Title IV calculation and return of funds. Lack of adequate, ongoing training in this process resulted in a lack of understanding by financial aid staff performing the calculations.

The instances in this finding where Title IV funds were not returned in a timely manner resulted in failure of communication to the financial aid office that a withdrawal had occurred.

Instances of “clerical error” notes in the finding were due to a failure to understand the differences of definition and purpose of the required “date of withdrawal” and “date of determination.” While the forms were not completed correctly, the return calculations were made within the requisite time frame and all funds returned appropriately within the correct time frame.

Corrective Action Plan: Corrective Action Plan: Dodge City Community College (The College) will take the following steps to address these issues:

1. The College will provide adequate resources for continual training opportunities for all financial aid staff to ensure that knowledge is updated and current as the college moves through federal financial aid cycles with each subsequent award year. This is critical as regulatory requirements for many processes are changed for each new cycle. Failure to provide ongoing professional development and training for financial aid personnel can lead to misunderstanding and errors such as occurred to create this finding.
2. Procedures have been changed regarding student withdrawals. The financial aid office is officially notified by the records office as the final step in processing a student withdrawal. Training has been done to make certain the all records office personnel understand the importance of this notification and how the policy has changed to ensure compliance.

Detailed discussion and training has been held with all financial aid staff regarding the Return to Title IV process. This included step-by-step processing of those calculations by each person, which are then compared with results calculated in a case study format. All members of the financial aid office are now up-to-date and knowledgeable about this procedure and calculating them correctly.



## **DODGE CITY COMMUNITY COLLEGE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended June 30, 2018

#### **C. FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

##### **U.S. DEPARTMENT OF EDUCATION**

##### **SIGNIFICANT DEFICIENCY**

2018-004 Student Financial Aid Cluster – CFDA No. 84.063, 84.268  
Grant period: Year Ended June 30, 2018

*Condition:* We examined the SCHER1 report obtained from the NSLDS website, noting the College is returning roster files in a timely manner. However, errors reported by the NSLDS in the error/acknowledgment file are not being appropriately addressed by College personnel.

*Criteria:* Per the NSLDS Enrollment Reporting Guide, at a minimum, schools are required to certify enrollment for all those who are included on their roster file at least every two months and within 15 days of the date the NSLDS sends a roster file to the school. Any errors must be corrected and submitted within 10 days of receiving the error/acknowledgment file. Simply resending the same erroneous data does not meet the requirement to correct errors.

*Cause:* The roster file sent back to NSLDS is not passing all the edits necessary to be processed. As a result, the students included in the error/acknowledgment file are not being processed by NSLDS.

*Effect:* The College started using an enrollment reporting servicer in November 2017. There was a lack of communication between College personnel in-charge of sending information to the enrollment reporting servicer and personnel in-charge of monitoring NSLDS roster files which resulted in errors not being addressed in a timely matter.

*Recommendation:* We recommend that communication channels be improved so that personnel in charge of monitoring enrollment reporting to NSLDS can be diligent in reviewing the roster file and error/acknowledgment file to ensure that students are reported in a timely and accurate manner.

*Grantee Response:* College staff responsible for submission of the data, in coordination with the Director of Financial Aid, will continue to correct issues with the submission and will report data in a timely and accurate manner.